



**dr.jsmlm**

**Dr JS Moroka Local Municipality**

Dr JS Moroka Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2015

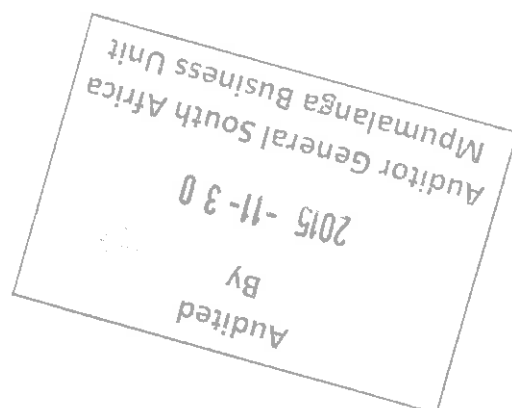
# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## General Information

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Legal form of entity	Local Municipality
Nature of business and principal activities	Local Municipality
<b>Mayoral committee</b>	
Executive Mayor	Mathabe RS (Elected 04 August 2015)
	Mthimunya GT (Resigned 31 July 2015)
MMC Social Development	Mahlangu D.P
MMC Public Safety, Roads & Transport	Madonsela T L
MMC Planning & Infrastructure	Magoele B S
MMC Finance & LED	Ntlailane S M
MMC Admin & Corporate Services	Sekwala J M
Speaker	Skosana G J
Council Whip	Boshomane K J
Councillors	Aphane S P
	Bopape D M
	Khoza A D
	Komape A N
	Kutu P F
	Lamola B R
	Lebelo M M
	Legong T B
	Legong M S
	Lelaka Y L
	Maganedisa M S
	Matlala M N
	Malefo B M
	Malebe D
	Maluleke M T
	Mtsweni K O
	Mdluli D M
	Mthombeni J N (Deceased 18/07/2014)
	Mahlangu T T
	Masombuka M J
	Msiza J N
	Mthimunya F S
	Mokoele M S
	Marota J M
	Mashao M J
	Maoka R N
	Mabaso N A
	Mabena S B
	Matlatla O M
	Mahlangu J S (Resigned 31/05/2015)
	Masoga J N
	Manganye N M
	Mashishi M W
	Masimula L P
	Maja S R
	Makhobela J T
	Mnguni F M



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## General Information

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Masilela SE  
Mogano N G  
Mokhabela J T  
Nkadimeng S L  
Nkoane S E  
Ndlovu Z  
Phaahla S M  
Ratsoma P G  
Setlhako K N  
Segalagala J  
Shabalala R B  
Skosana S N  
Sekanka M E  
Masilela S  
Shabangu M M  
Masilela V W (Resigned 30/06/2015))  
Masemola M J (Elected 05/06/2015)  
Majombosi T R (Elected 29/04/2015)  
Mtsweni J M (Elected 05/11/2014)

**Grading of local authority**

Grade 3

**Capacity**

Low

**Chief Finance Officer (CFO)**

Skhosana ZG

**Accounting Officers**

Mahlangu BS

**Registered office**

A2601/3 Bongimfundo Street  
Siyabuswa  
0472

**Business address**

A2601/3 Bongimfundo Street  
Siyabuswa  
0472

**Postal address**

Private Bag X4012  
Siyabuswa  
0472

**Bankers**

ABSA Bank Limited  
Marble Hall Branch

**Auditors**

Auditor General South Africa

**Attorneys**

The Municipality has no contracted standing attorneys.

**Published**

28 August 2015

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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The following supplementary information does not form part of the audited annual financial statements.

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2015 -11-30  
Director General South Africa  
Apumalanga Business Unit

# **Dr JS Moroka Local Municipality**

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### **Abbreviations**

MPAC	Municipal Public Accounts Committee
IDC	Infrastructure Development Corporation
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
SARS	South Africa Revenue Service
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
INEP	Integrated National Electrification Programme
MMC	Member of the Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
WSOG	Water Services Operating Grant
EPWP	Expanded Public Works Programme

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# **Dr JS Moroka Local Municipality**

Annual Financial Statements for the year ended 30 June 2015

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial and non financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and must be given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal controls established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the 30 June 2015 to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer certify that salaries, allowances and benefits of Councillors as disclosed in note 26 of these Annual Financial Statements are within the upper limits of framework envisaged in section 219 of the Constitution read with Remuneration of Public Office Bearers Act, Act no 20 of 1998 and section 124 of the Municipal Management Act, Act 56 of 2003.

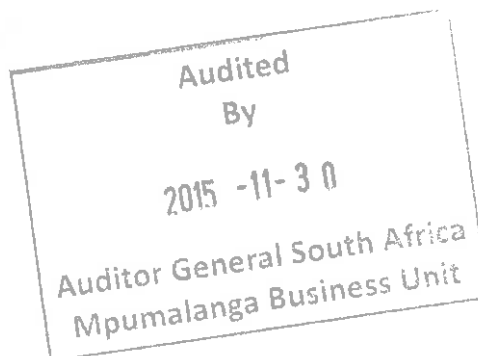
The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements of Dr JS Moroka Municipality set out on pages 6 to 68, which have been prepared on going concern basis, were approved by the municipality on 28 August 2015 and were signed on its behalf by:

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**Mahlangu BS**  
Accounting Officer

**Siyabuswa**  
28 August 2015



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2015.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in local municipality and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 97 144 526 (2014: surplus R 21 857 396).

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting policies

The annual financial statements prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board and National Treasury guidelines.

### 5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mahlangu BS	South African

### 6. Bankers

The municipality banks primarily with ABSA Bank Limited.

### 7. Auditors

Auditor General South Africa will continue in office for the next financial period.

### 8. Public Private Partnership

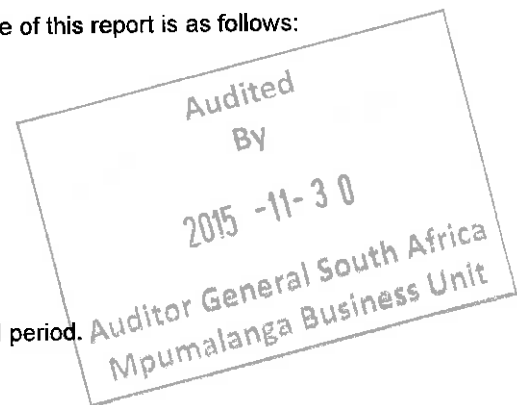
In accordance with the PPP agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

- moneys deposited as excess surpluses;
- any foreign exchange rate amounts;
- any service credits; and
- any penalties for later service commencement text.

During the financial period under reviewed 30 June 2015, Dr JS Moroka Local Municipality did not enter into any Public Private Partnership agreements.

### 9. Consumer debtors

The book value of consumer debtors is standing at R65,583,184 as of 30 June 2015. The above figure is determined after an amount of R45,117,652 in respect of irrecoverable debts has taken into consideration.



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Position as at 30 June 2015

	Notes	2015 R	2014 Restated* R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	8	4 863 037	8 909 493
Other financial assets	7	1 339 154	25 914 361
Receivables from exchange transactions	9	5 441 642	4 376 061
Receivables from non-exchange transactions	10	16 239 756	159 192
VAT receivable	11	23 698 375	20 493 458
Consumer debtors	12	65 583 184	32 479 438
Cash and cash equivalents	13	15 510 280	54 270 319
		<b>132 675 428</b>	<b>146 602 322</b>
<b>Non-Current Assets</b>			
Investment property	4	154 170	154 170
Property, plant and equipment	5	1 455 067 870	1 354 316 434
Intangible assets	6	773 920	-
		<b>1 455 995 960</b>	<b>1 354 470 604</b>
<b>Total Assets</b>		<b>1 588 671 388</b>	<b>1 501 072 926</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	14	3 781 866	899 945
Trade payables	17	68 582 620	94 062 312
Unspent conditional grants and receipts	15	10 684 980	718 145
Provisions	16	2 138 568	3 852 515
Bank overdraft	13	-	1 693 098
		<b>85 188 034</b>	<b>101 226 015</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	14	6 461 771	1 515 494
Provisions	16	12 812 313	12 279 667
Long service bonus liability	50	6 605 000	5 592 000
		<b>25 879 084</b>	<b>19 387 161</b>
<b>Total Liabilities</b>		<b>111 067 118</b>	<b>120 613 176</b>
<b>Net Assets</b>		<b>1 477 604 270</b>	<b>1 380 459 750</b>
Accumulated surplus		<b>1 477 604 270</b>	<b>1 380 459 750</b>

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\* See Note 2 & 40



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Performance

	Note(s)	2015 R	2014 Restated* R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	54 337 984	33 363 144
Sale of stands		2 739 865	200 773
Rental of facilities and equipment	21	670 952	2 109 854
Interest received (trading)	24	16 331 810	17 016 016
Other income		5 164 774	2 575 277
Interest received - investment	29	6 938 705	8 848 883
<b>Total revenue from exchange transactions</b>		<b>86 184 090</b>	<b>64 113 947</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	19	12 616 944	6 167 684
<b>Other revenue</b>			
Government grants & subsidies	22	427 940 020	425 922 495
Donations	23	25 886 592	28 383 851
Licences and permits	51	5 815 232	3 965 356
Traffic fines		1 700 950	1 174 695
<b>Total revenue from non-exchange transactions</b>		<b>473 959 738</b>	<b>465 614 081</b>
<b>Total revenue</b>	18	<b>560 143 828</b>	<b>529 728 028</b>
<b>Expenditure</b>			
Employee related costs	26	(138 994 040)	(125 122 545)
Remuneration of councillors	27	(21 019 089)	(18 927 034)
Depreciation and amortisation	31	(56 309 447)	(119 514 005)
Impairment loss	32	-	(400 768)
Finance costs	34	(1 055 142)	(487 815)
Lease rentals		(636 214)	(447 176)
Debt Impairment	28	(46 111 502)	(34 325 489)
Repairs and maintenance	52	(40 982 235)	(23 630 830)
Transfers and Subsidies	36	(1 062 606)	(3 210 310)
General Expenses	25	(152 376 804)	(178 558 859)
<b>Total expenditure</b>		<b>(458 547 079)</b>	<b>(504 624 831)</b>
<b>Operating surplus</b>		<b>101 596 749</b>	<b>25 103 197</b>
Fair value adjustments	30	(1 575 207)	140 425
Inventories losses/write-downs	33	(3 224 016)	(173 647)
Actuarial gains recognised	50	347 000	249 000
Loss on disposal of assets		-	(3 461 579)
		<b>(4 452 223)</b>	<b>(3 245 801)</b>
<b>Surplus for the year</b>		<b>97 144 526</b>	<b>21 857 396</b>

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\* See Note 2 & 40

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	1 724 347 068	1 724 347 068
Adjustments		
Correction of surplus disclosed in previous year	(16 095 299)	(16 095 299)
<b>Balance at 01 July 2013 as restated</b>	<b>1 708 251 769</b>	<b>1 708 251 769</b>
Changes in net assets		
Surplus for the year	21 857 396	21 857 396
Prior year adjustments (refer to note 40)	(349 649 415)	(349 649 415)
Total changes	(327 792 019)	(327 792 019)
<b>Restated* Balance at 01 July 2014</b>	<b>1 380 459 744</b>	<b>1 380 459 744</b>
Changes in net assets		
Surplus for the year	97 144 526	97 144 526
Total changes	97 144 526	97 144 526
<b>Balance at 30 June 2015</b>	<b>1 477 604 270</b>	<b>1 477 604 270</b>

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\* See Note 2 & 40

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Cash Flow Statement

	Note(s)	2015 R	2014 Restated* R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		29 884 646	16 243 636
Sale of services		16 157 161	12 819 490
Grants		422 390 000	341 157 000
Interest income		6 938 705	8 848 883
Other receipts		14 950 602	11 194 371
		<u>490 321 114</u>	<u>390 263 380</u>
<b>Payments</b>			
Employee costs		(160 013 128)	(144 049 579)
Suppliers		(236 693 458)	(165 951 701)
Finance costs		(463 653)	(67 590)
Other payments		(5 094 553)	(4 341 246)
		<u>(402 264 792)</u>	<u>(314 410 116)</u>
<b>Net cash flows from operating activities</b>	37	<b>88 056 322</b>	<b>75 853 264</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(145 468 228)	(184 070 019)
Proceeds from sale of property, plant and equipment	5	-	5 414 474
Purchase of other intangible assets	6	(1 016 590)	(18 420)
Movement in other financial assets		23 000 000	7 188 100
<b>Net cash flows from investing activities</b>		<b>(123 484 818)</b>	<b>(171 485 865)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(1 638 445)	(1 225 416)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(37 066 941)</b>	<b>(96 858 017)</b>
Cash and cash equivalents at the beginning of the year		52 577 221	149 435 238
<b>Cash and cash equivalents at the end of the year</b>	13	<b>15 510 280</b>	<b>52 577 221</b>

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\* See Note 2 & 40

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Statement of Financial Performance</b>						
<b>Revenue from exchange transactions</b>						
<b>Revenue</b>						
Service charges	34 091 000	(6 132 000)	27 959 000	54 365 023	26 406 023	The municipality billed more than what was budgeted.
Sales of stands	-	-	-	2 739 865	2 739 865	Recognising sale of stand on accrual basis which were previously accounted on cash basis.
Rental of facilities and equipment	172 000	(61 000)	111 000	670 952	559 952	The actual usage exceeded the budgeted amount.
Interest earned- Outstanding debtors	9 450 000	-	9 450 000	16 331 810	6 881 810	Increased due to non payment of services.
Agency services	982 000	(982 000)	-	-	-	
Licence and permits	2 652 000	982 000	3 634 000	-	(3 634 000)	Due to increase in prices and usage of the station.
Other income	2 456 000	2 585 000	5 041 000	5 164 774	123 774	
Interest received - investment	14 161 000	(7 746 000)	6 415 000	6 938 705	523 705	The variance is considered normal.
<b>Total revenue</b>	<b>63 964 000</b>	<b>(11 354 000)</b>	<b>52 610 000</b>	<b>86 211 129</b>	<b>33 601 129</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	6 862 000	2 787 000	9 649 000	12 616 944	2 967 944	Due to implementation of new valuation roll.

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# Dr JS Moroka Local Municipality

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## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R	R	
<b>Transfer revenue</b>						
Government grants & subsidies	408 925 000	30 000 000	438 925 000	427 940 020	(10 984 980)	Unspent grant in terms of the conditional grant.
Public contributions and donations	-	-	-	25 886 592	25 886 592	Donated assets in kind
Fines, Penalties and Forfeits	196 000	-	196 000	-	(196 000)	More tickets were used than anticipated.
Other transfer revenue 1	-	-	-	5 815 232	5 815 232	
Other transfer revenue 2	-	-	-	1 700 950	1 700 950	
<b>Total revenue from non-exchange transactions</b>	<b>415 983 000</b>	<b>32 787 000</b>	<b>448 770 000</b>	<b>473 959 738</b>	<b>25 189 738</b>	
<b>Total revenue</b>	<b>479 947 000</b>	<b>21 433 000</b>	<b>501 380 000</b>	<b>560 170 867</b>	<b>58 790 867</b>	
<b>Expenditure</b>						
Personnel	(138 682 000)	(5 169 000)	(143 851 000)	(138 994 040)	4 856 960	The spending was within the budget and it is considered normal.
Remuneration of councillors	(18 583 000)	-	(18 583 000)	(21 019 089)	(2 436 089)	Upper limit and benefits was received after the adjustment budget which resulted in the expenditure being higher than budgeted.
Depreciation and amortisation	(140 000 000)	-	(140 000 000)	(56 309 447)	83 690 553	The assets were revalued which reduced the depreciation cost.
Finance costs	(350 000)	-	(350 000)	(1 055 142)	(705 142)	New contract for lease was entered into which increased the finance cost.
Lease rentals on operating lease	-	-	-	(636 214)	(636 214)	

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Bad debts written off	(35 700 000)	-	(35 700 000)	(46 111 502)	(10 411 502)	Due to the movement in provision for impairment.
Repairs and maintenance	(36 276 000)	(3 654 000)	(39 930 000)	(40 982 235)	(1 052 235)	The municipality is maintaining its assets to mitigate the risk identified and escalation of material and labour cost.
Grant and subsidies paid	(5 465 000)	-	(5 465 000)	(1 062 606)	4 402 394	The indigent register was reviewed, which resulted in the total number of indigent being reduced.
General Expenses	(147 487 000)	8 889 000	(138 598 000)	(152 376 804)	(13 778 804)	General expenditure increased due to inflation, eskom tariff increase, escalation of water purification chemicals and fuel.
<b>Total expenditure</b>	<b>(522 543 000)</b>	<b>66 000</b>	<b>(522 477 000)</b>	<b>(458 547 079)</b>	<b>63 929 921</b>	
<b>Operating surplus</b>	<b>(42 596 000)</b>	<b>21 499 000</b>	<b>(21 097 000)</b>	<b>101 623 788</b>	<b>122 720 788</b>	
Other fair value adjustments	-	-	-	(1 575 207)	(1 575 207)	
Fair value adjustment on other financial assets	-	-	-	(3 224 016)	(3 224 016)	
Stanlib fair value adjustments	-	-	-	347 000	347 000	
	-	-	-	(4 452 223)	(4 452 223)	
<b>Surplus before taxation</b>	<b>(42 596 000)</b>	<b>21 499 000</b>	<b>(21 097 000)</b>	<b>97 171 565</b>	<b>118 268 565</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(42 596 000)</b>	<b>21 499 000</b>	<b>(21 097 000)</b>	<b>97 171 565</b>	<b>118 268 565</b>	
<b>Reconciliation</b>						

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	6 895 000	(6 895 000)	-	4 863 037	4 863 037	Inventory is being budgeted under general expenditure account.
Other financial assets	-	-	-	1 339 154	1 339 154	The different resulted from withdrawal amount.
Receivables from exchange transactions	4 812 000	2 666 000	7 478 000	5 441 642	(2 036 358)	The municipality has secured more acknowledgem ent of debt signed by consumers.
Receivables from non-exchange transactions	-	-	-	16 239 756	16 239 756	More Traffic fines issued and lack of enforcement to recover debt from issued tickets.
VAT receivable	-	-	-	23 698 375	23 698 375	The expenditure rate for the month of June were high when compred to last financial year.
Consumer debtors	9 798 000	22 681 000	32 479 000	65 583 184	33 104 184	The increase was due to slow payment of services by consumers.
Current portion of long- term receivables	10 352 000	(10 352 000)	-	-	-	

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Cash and cash equivalents	315 030 000	(80 368 000)	234 662 000	15 510 280	(219 151 720)	The municipality did not have much investment at year end. all the money that was investment was withdrawn and also with a minimum balance of the primary bank account.
	346 887 000	(72 268 000)	274 619 000	132 675 428	(141 943 572)	
<b>Non-Current Assets</b>						
Investment property	86 969 000	13 202 000	100 171 000	154 170	(100 016 830)	Assets were revalued during the year, which resulted in the investment property being adjusted by R100 million as the asset did not meet the definition of investment properties.
Property, plant and equipment	2 786 941 000	103 202 000	2 890 143 000	1 455 067 870	(1 435 075 130)	The municipality performed unbundling of assets, and revalued the assets which reduced the assets cost.
Intangible assets	251 000	3 000 000	3 251 000	773 920	(2 477 080)	The intangible assets were reduced due to assets that were removed from the register as the result of them not meeting the definition of intangible assets.
Other long term receivables	149 222 000	(149 222 000)	-	-	-	

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By  
2015-11-30  
Auditor General South Africa  
Mpumalanga Business Unit



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Total Assets</b>	<b>3 023 383 000</b>	<b>(29 818 000)</b>	<b>2 993 565 000</b>	<b>1 455 995 960</b>	<b>(1 537 569 040)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	-	-	-	3 781 866	3 781 866	Additions on Lease Assets.
Trade payables	139 615 000	(86 859 000)	52 756 000	50 000	(52 706 000)	The municipality accrued more creditors at year end than last year.
Consumer deposits	20 000	-	20 000	-	(20 000)	There was not consumer deposit.
Unspent conditional grants and receipts	-	-	-	10 684 980	10 684 980	The municipality has no much roll over projects for current year and improved project and contract management skills.
Provisions	-	-	-	2 138 568	2 138 568	The provision for 2015 decreased due to change in estimate on the cost of rehabilitation of these landfill.
	<b>139 635 000</b>	<b>(86 859 000)</b>	<b>52 776 000</b>	<b>16 655 414</b>	<b>(36 120 586)</b>	
<b>Non-Current Liabilities</b>						
Finance lease obligation	-	-	-	6 461 771	6 461 771	Additions on Lease Assets.
Provisions	-	-	-	12 812 313	12 812 313	The provision for 2015 decreased due to change in estimate on the cost of rehabilitation of these landfill

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Long service bonus liability				- 6 605 000	6 605 000	Increment of staff.
		-	-	25 879 084	25 879 084	
<b>Total Liabilities</b>	<b>139 635 000</b>	<b>(86 859 000)</b>	<b>52 776 000</b>	<b>42 534 498</b>	<b>(10 241 502)</b>	
<b>Net Assets</b>	<b>3 230 635 000</b>	<b>(15 227 000)</b>	<b>3 215 408 000</b>	<b>1 546 136 890</b>	<b>(1 669 271 110)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	3 230 635 000	(15 227 000)	3 215 408 000	1 546 136 890	(1 669 271 110)	

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services	47 412 000	9 471 000	56 883 000	17 029 699	(39 853 301)	
Grants	408 625 000	30 000 000	438 625 000	427 507 227	(11 117 773)	
Interest income	23 611 000	(7 611 000)	16 000 000	8 813 902	(7 186 098)	
Other receipts	-	-	-	8 805 931	8 805 931	
	<b>479 648 000</b>	<b>31 860 000</b>	<b>511 508 000</b>	<b>462 156 759</b>	<b>(49 351 241)</b>	

##### Payments

Employee costs and suppliers	(349 528 000)	(11 275 000)	(360 803 000)	(255 375 959)	105 427 041	
Finance costs	(350 000)	(250 000)	(600 000)	(139 459)	460 541	
Other payments	(5 465 000)	(2 125 000)	(7 590 000)	(7 979 318)	(389 318)	
	<b>(355 343 000)</b>	<b>(13 650 000)</b>	<b>(368 993 000)</b>	<b>(263 494 736)</b>	<b>105 498 264</b>	

<b>Net cash flows from operating activities</b>	<b>124 305 000</b>	<b>18 210 000</b>	<b>142 515 000</b>	<b>198 662 023</b>	<b>56 147 023</b>	
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(143 486 751)	(25 644 249)	(169 131 000)	(102 353 074)	66 777 926	Appendix G
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#### Cash flows from financing activities

Finance lease payments	-	-	-	(1 200 580)	(1 200 580)	
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Net increase/(decrease) in cash and cash equivalents	(19 181 751)	(7 434 249)	(26 616 000)	95 108 369	121 724 369	
--	--------------	-------------	--------------	------------	-------------	--

Cash and cash equivalents at the beginning of the year	90 539 503	1 414 497	91 954 000	120 184 096	28 230 096	
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<b>Cash and cash equivalents at the end of the year</b>	<b>71 357 752</b>	<b>(6 019 752)</b>	<b>65 338 000</b>	<b>215 292 465</b>	<b>149 954 465</b>	
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#### Reconciliation

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

## Accounting Policies

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### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

### 1.3 Property, plant and equipment (continued)

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	5-100 years
Plant and machinery	5 - 20 years
Furniture and fixtures	7 - 10 years
Motor vehicles	5 -20 years
Office equipment	3 - 20 years
IT equipment	3 - 8 Years
Computer software	2 - 5 years
Infrastructure	2 - 100 years
Community	5 - 100 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the change in accounting policy.

### 1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

## **Accounting Policies**

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### **1.4 Site restoration and dismantling cost (continued)**

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability after the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

### **1.5 Intangible assets**

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

## **Accounting Policies**

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### **1.5 Intangible assets (continued)**

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

<b>Item</b>	<b>Useful life</b>
Computer software	2 -5 years

### **1.6 Financial instruments**

#### **Classification**

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### **Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### **Impairment of financial assets**

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Impairment losses are not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.



## **Accounting Policies**

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### **1.6 Financial instruments (continued)**

#### **Receivables from exchange transactions**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

#### **Payables from exchange transactions**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### **Bank overdraft and borrowings**

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost. The overdraft recorded as a liability in the statement of financial position.

#### **Impairment of financial assets**

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

### **1.7 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

## **Accounting Policies**

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### **1.7 Leases (continued)**

#### **Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### **1.8 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

## **Accounting Policies**

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### **1.8 Inventories (continued)**

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **1.9 Employee benefits**

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

The salaries, allowances and benefits of Councillors are dealt with the upper limits of framework envisaged in section 219 of the constitution read with Remuneration of Public Office Bearers Act, Act no 20 of 1998 and section 124 of the Municipal Finance Management Act, Act 56 of 2003.

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## Accounting Policies

### 1.9 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

## **Accounting Policies**

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### **1.9 Employee benefits (continued)**

#### **Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

### **1.10 Provisions and contingencies**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

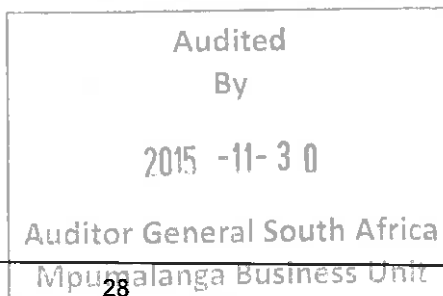
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



## Accounting Policies

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### 1.10 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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### **1.10 Provisions and contingencies (continued)**

#### **Decommissioning, restoration and similar liability**

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

### **1.11 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

## **Accounting Policies**

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### **1.11 Revenue from exchange transactions (continued)**

#### **Interest**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### **1.12 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

### **1.13 Investment income**

Investment income is recognised on a time-proportion basis using the effective interest method.

### **1.14 Borrowing costs**

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.15 Comparative figures**

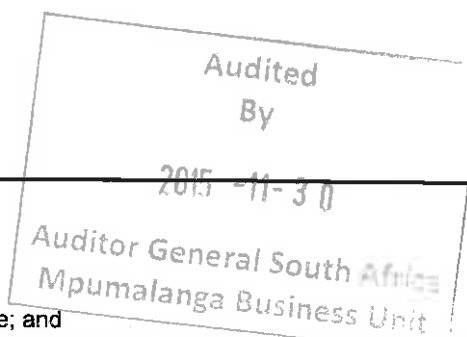
Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies



### 1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

Expenditure incurred by a municipality or municipal entity in Contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 30 No. 20 of 1998); or

Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in 35 terms of such policy or by-law

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.19 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.20 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which gives effect through authorising legislation, appropriation or similar.

The general purpose of financial reporting by the municipality, shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014-07-01 to 2015-06-30.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 50.

### 1.21 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.23 Capital Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in outflow of resources.

Capital commitments are not recognised in statement of financial position as a liability, but are included in the disclosure notes.

### 1.24 Value-Added Tax

The municipality applies the payments basis for VAT purposes as per the Value-Added Tax Act. Output tax is payable as and when the purchase consideration are received and input will be claimed as and when payments is made.

## **Dr JS Moroka Local Municipality**

Annual Financial Statements for the year ended 30 June 2015

### **Accounting Policies**

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#### **1.25 Receivables form non-exchange transactions**

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset shall be recognised as an asset when , and only when:

- (a) It is probable that the future economic benefits or service potential associated with the asset will flow to the entity
- (b) The fair value of the assets can be measured reliably.

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

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### 2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards. The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2015 is as follows:

#### Investment Property (GRAP 16)

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations.

#### Property, Plant and Equipment (GRAP 17)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period.

The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

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## Notes to the Annual Financial Statements

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### 2. Changes in accounting policy (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

#### Intangible Assets (GRAP 3)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract. The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

### 3. New standards and interpretations

#### 3.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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#### 3.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2015	The impact of the standard is not material
• GRAP 105: Transfers of functions between entities under common control	01 April 2015	No impact
• GRAP 106: Transfers of functions between entities not under common control	01 April 2015	No impact
• GRAP 107: Mergers	01 April 2015	No impact
• GRAP 20: Related parties	01 April 2016	The impact of the standard is not material
• IGRAP 11: Consolidation – Special purpose entities	01 April 2015	No impact
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2015	No impact
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2015	No impact
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2015	No impact
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2015	No impact
• GRAP32: Service Concession Arrangements: Grantor	01 April 2016	
• GRAP108: Statutory Receivables	01 April 2016	
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	

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Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R			2014 R		
<b>4. Investment property</b>						
	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	154 170	-	154 170	154 170	-	154 170

### Reconciliation of investment property - 2015

Land	Opening balance 154 170	Total 154 170
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### Reconciliation of investment property - 2014

Investment property	Opening balance 154 170	Total 154 170
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### Details of valuation

The valuation was based on the report conducted by HP Matidza professional valuer (Reg No: 4953/7) from Ndlala Mass valuation. The general evaluation came into effect on 01 July 2014.

The valuations was based on deemed cost approach, in line with the municipality adopted approach in valuation of investment properties. The deemed cost is described as per GRAP Directive 7 [4].

### 5. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	92 130 393	-	92 130 393	92 130 393	-	92 130 393
Buildings	139 380 304	(81 406 234)	57 974 070	139 380 304	(76 187 756)	63 192 548
Plant and machinery	22 803 006	(5 283 785)	17 519 221	22 672 708	(3 594 201)	19 078 507
Furniture and fixtures	11 033 872	(5 485 056)	5 548 816	10 380 629	(5 103 823)	5 276 806
Motor vehicles	50 309 463	(39 136 963)	11 172 500	50 309 463	(38 090 737)	12 218 726
Office equipment	3 501 411	(1 592 076)	1 909 335	3 309 270	(1 463 480)	1 845 790
IT equipment	11 392 978	(1 753 568)	9 639 410	6 608 123	(1 439 325)	5 168 798
Infrastructure	959 933 784	(78 754 517)	881 179 267	899 612 135	(39 069 294)	860 542 841
Community	173 363 098	(86 054 625)	87 308 473	149 443 518	(80 073 672)	69 369 846
Assets under construction	281 870 591	-	281 870 591	223 395 068	-	223 395 068
Other leased Assets	13 567 425	(4 751 631)	8 815 794	5 079 731	(2 982 620)	2 097 111
Tools and loose gear	-	-	-	65 448	(65 448)	-
<b>Total</b>	<b>1 759 286 325</b>	<b>(304 218 455)</b>	<b>1 455 067 870</b>	<b>1 602 386 790</b>	<b>(248 070 356)</b>	<b>1 354 316 434</b>

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Transfer	Depreciation	Total
Land	92 130 393	-	-	-	92 130 393
Buildings	63 192 548	-	-	(5 218 478)	57 974 070
Plant and machinery	19 078 507	130 298	-	(1 689 584)	17 519 221
Furniture and fixtures	5 276 806	653 243	-	(381 233)	5 548 816
Motor vehicles	12 218 726	-	-	(1 046 226)	11 172 500
Office equipment	1 845 790	192 141	-	(128 596)	1 909 335
IT equipment	5 168 798	4 784 855	-	(314 243)	9 639 410
Infrastructure	860 542 841	8 559 031	51 615 840	(39 538 445)	881 179 267
Community	69 369 846	10 628 060	13 291 528	(5 980 961)	87 308 473
Assets under construction	223 395 068	123 382 891	(64 907 368)	-	281 870 591
Other leased Assets	2 097 111	8 487 694	-	(1 769 011)	8 815 794
	<b>1 354 316 434</b>	<b>156 818 213</b>	<b>-</b>	<b>(56 066 777)</b>	<b>1 455 067 870</b>

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**Dr JS Moroka Local Municipality**  
Annual Financial Statements for the year ended 30 June 2015

**Notes to the Annual Financial Statements**

Figures in Rand

**5. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2014**

	Opening balance	Additions	Transfer	Scrap	Adjustments	Depreciation	Total
Land	397 356 393	-	-	-	(305 226 000)	-	92 130 393
Buildings	62 770 536	5 684 887	-	-	(84 213)	(5 178 662)	63 192 548
Plant and machinery	22 324 269	2 857 145	-	(1 658 086)	(3 011 823)	(1 432 998)	19 078 507
Furniture and fixtures	6 158 175	136 818	-	(374 057)	467 384	(1 111 514)	5 276 806
Motor vehicles	12 534 112	-	-	(1 396 921)	6 385 195	(5 303 660)	12 218 726
Office equipment	2 700 510	74 358	-	(31 007)	(420 249)	(477 822)	1 845 790
IT equipment	3 735 763	2 822 670	-	(623 583)	(73 038)	(693 014)	5 168 798
Infrastructure	886 380 337	31 026 700	-	(1 330 820)	43 253 376	(98 786 752)	860 542 841
Community	70 569 491	4 773 131	(480 396)	-	44 391	(5 536 771)	69 369 846
Assets under construction	86 700 758	136 694 310	-	-	-	-	223 395 068
Other leased Assets	859 844	1 983 194	-	-	-	(745 927)	2 097 111
	<b>1 552 090 188</b>	<b>186 053 213</b>	<b>(480 396)</b>	<b>(5 414 474)</b>	<b>(258 664 977)</b>	<b>(119 267 120)</b>	<b>1 354 316 434</b>

**Change in accounting estimates**

Dr JS Moroka Municipality has depreciated its movable assets over the following useful lives in the previous financial years from 2 -10 years. In the current financial year this useful lives were revised. The net effect of the change is that useful live increase from 10 - 20 years. The depreciation recorded in previous financial year is not affected. However the depreciation for the current year has decreased accordingly. The financial implications is as follows: Depreciation for 2014 was R119 367 120, this has decreased to R56 066 777 as current depreciation.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R																			
<b>6. Intangible assets</b>																					
	<table><tr><th colspan="3">2015</th><th colspan="3">2014</th></tr><tr><th>Cost / Valuation</th><th>Accumulated amortisation and accumulated impairment</th><th>Carrying value</th><th>Cost / Valuation</th><th>Accumulated amortisation and accumulated impairment</th><th>Carrying value</th></tr><tr><td>Computer software</td><td>1 016 590</td><td>(242 670)</td><td>773 920</td><td>161 545</td><td>(161 545)</td><td>-</td></tr></table>	2015			2014			Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Computer software	1 016 590	(242 670)	773 920	161 545	(161 545)	-	
2015			2014																		
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value																
Computer software	1 016 590	(242 670)	773 920	161 545	(161 545)	-															
<b>Reconciliation of intangible assets - 2015</b>																					
	Opening balance	Additions	Amortisation	Total																	
Computer software	-	1 016 590	(242 670)	773 920																	
<b>Reconciliation of intangible assets - 2014</b>																					
	Opening balance	Additions	Adjustments	Amortisation	Total																
Computer software, other	129 375	18 420	(97 549)	(50 246)	-																
<b>7. Other financial assets</b>																					
<b>Designated at fair value</b>																					
Stanlib Collective Investments: Unit trusts (Acc No 1005687)		1 339 154	25 914 361																		
<b>Current assets</b>																					
Designated at fair value		1 339 154	25 914 361																		
<b>Financial assets at fair value</b>																					
<b>Fair values of financial assets measured or disclosed at fair value</b>																					
Stanlib Investment opening balance		25 914 361	32 962 036																		
Additions for the year		-	29 811 900																		
Withdrawals for the year		(23 000 000)	(37 000 000)																		
Fair value adjustment		(1 575 207)	140 425																		
		<b>1 339 154</b>	<b>25 914 361</b>																		
<b>8. Inventories</b>																					
Storm water supplies		743 479	2 544 357																		
Consumable stores		2 173 053	2 028 794																		
Mechanical supplies		612 580	761 770																		
Electrical supplies		697 042	646 440																		
Water supplies		429 328	2 620 363																		
Pipe fitting		207 555	307 769																		
		<b>4 863 037</b>	<b>8 909 493</b>																		

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>9. Receivables from exchange transactions</b>		
Consumer agreements	3 210 415	4 062 460
Sundry debtor	970 362	75 605
Interest accrued	-	237 996
Debtors on sale of stands	1 260 865	-
	<b>5 441 642</b>	<b>4 376 061</b>
<b>10. Receivables from non-exchange transaction</b>		
Traffic fines	674 337	159 192
Government grants and subsidies	15 565 419	-
	<b>16 239 756</b>	<b>159 192</b>
<b>11. VAT receivable</b>		
VAT	23 698 375	20 493 458
<b>12. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	31 191 542	28 955 802
Water	80 374 019	52 899 406
Sewerage	12 385 150	14 154 710
Refuse	13 318 209	14 572 515
Interest and other	72 979 734	56 939 929
	<b>210 248 654</b>	<b>167 522 362</b>
<b>Less: Allowance for impairment</b>		
Rates	(19 575 241)	(23 423 235)
Water	(40 756 856)	(42 614 138)
Sewerage	(11 229 403)	(11 427 664)
Refuse	(11 955 978)	(11 784 018)
Interest and other	(61 147 992)	(45 793 869)
	<b>(144 665 470)</b>	<b>(135 042 924)</b>
<b>Net balance</b>		
Rates	11 616 301	5 532 567
Water	39 617 163	10 285 268
Sewerage	1 155 747	2 727 046
Refuse	1 362 231	2 788 497
Interest and other	11 831 742	11 146 060
	<b>65 583 184</b>	<b>32 479 438</b>
<b>The following receivables from exchange transactions are included above</b>		
Water	39 617 163	10 285 268
Sewerage	1 155 747	2 727 046
Refuse	1 362 231	2 788 497
Interest and other	11 831 742	11 146 059
	<b>53 966 883</b>	<b>26 946 870</b>
<b>The following receivable from non-exchange transactions is included above</b>		
Rates	11 616 301	5 532 567

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>12. Consumer debtors (continued)</b>		
<b>Net balance</b>	<b>65 583 184</b>	<b>32 479 437</b>
<b>Rates</b>		
Current (0 -30 days)	292 891	101 805
31 - 60 days	332 728	101 805
61 - 90 days	282 646	101 856
> 90 days	10 708 036	5 227 101
	<b>11 616 301</b>	<b>5 532 567</b>
<b>Water</b>		
Current (0 -30 days)	3 999 604	407 383
31 - 60 days	1 713 196	400 094
61 - 90 days	5 886 534	295 932
> 90 days	28 017 829	9 181 857
	<b>39 617 163</b>	<b>10 285 266</b>
<b>Sewerage</b>		
Current (0 -30 days)	25 753	45 072
31 - 60 days	25 033	45 078
61 - 90 days	25 044	45 084
> 90 days	1 079 917	2 591 813
	<b>1 155 747</b>	<b>2 727 047</b>
<b>Refuse</b>		
Current (0 -30 days)	31 141	49 849
31 - 60 days	30 209	49 855
61 - 90 days	30 042	49 861
> 90 days	1 270 839	2 638 933
	<b>1 362 231</b>	<b>2 788 498</b>
<b>Interest and other</b>		
Current (0 -30 days)	515 508	246 909
31 - 60 days	400 841	300 880
61 - 90 days	568 741	286 861
> 90 days	10 346 652	9 842 841
	<b>11 831 742</b>	<b>10 677 491</b>

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>12. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Government</b>		
Current (0 -30 days)	9 142 496	1 720 177
31 - 60 days	3 844 366	1 089 466
61 - 90 days	13 256 431	1 169 378
91 - 120 days	2 893 521	1 361 604
>121days	25 514 825	10 519 359
	<b>54 651 639</b>	<b>15 859 984</b>
Less: Allowance for impairment	(4 173 675)	(12 867 362)
	<b>50 477 964</b>	<b>2 992 622</b>
<b>Business</b>		
Current (0 -30 days)	311 950	232 603
31 - 60 days	423 517	232 119
61 - 90 days	280 249	213 205
91 - 120 days	323 789	201 197
121 - 365 days	10 400 694	8 456 285
	<b>11 740 199</b>	<b>9 335 409</b>
Less: Allowance for impairment	(6 170 049)	(7 555 259)
	<b>5 570 150</b>	<b>1 780 150</b>
<b>Households and Other</b>		
Current (0 -30 days)	3 206 088	2 285 438
31 - 60 days	3 136 915	3 415 612
61 - 90 days	3 234 486	2 723 441
91 - 120 days	3 066 405	3 552 769
121 - 365 days	164 206 319	130 349 594
	<b>176 850 213</b>	<b>142 326 854</b>
Less: Allowance for impairment	(167 701 707)	(114 625 377)
	<b>9 148 506</b>	<b>27 701 477</b>
<b>Total</b>		
Current (0 -30 days)	12 660 880	4 238 259
31 - 60 days	7 405 145	4 737 237
61 - 90 days	16 771 511	4 106 103
> 90 days	173 411 118	154 440 762
	<b>210 248 654</b>	<b>167 522 361</b>
Less: Allowance for impairment	(144 665 470)	(135 042 923)
	<b>65 583 184</b>	<b>32 479 438</b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(8 711 552)	(3 318 499)
31 - 60 days	(5 095 247)	(3 823 498)
61 - 90 days	(11 539 948)	(3 314 869)
> 90 days	(119 318 723)	(124 586 058)
	<b>(144 665 470)</b>	<b>(135 042 924)</b>
<b>Total debtor past due but not impaired</b>		
>121 days	<b>54 092 395</b>	<b>28 565 046</b>

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>12. Consumer debtors (continued)</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(135 042 924)	(124 297 345)
Contribution to provision	(9 622 546)	(10 745 579)
	<b>(144 665 470)</b>	<b>(135 042 924)</b>
<b>13. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	-	200
Bank balances	4 938 896	-
Short-term investments	10 571 384	54 270 119
Bank overdraft	-	(1 693 098)
	<b>15 510 280</b>	<b>52 577 221</b>
Current assets	15 510 280	54 270 319
Current liabilities	-	(1 693 098)
	<b>15 510 280</b>	<b>52 577 221</b>

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Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

							2015 R	2014 R
<b>13. Cash and cash equivalents (continued)</b>								
<b>The municipality had the following bank accounts</b>								
Account number / description	Bank statement balances			Cash book balances				
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013		
ABSA BANK - 406-889-7663 - Cheque account	-	201 825	201 825	-	201 825	201 825		
ABSA BANK - 406-952-9871- Cheque account	165 039	3 068 829	9 875 498	165 039	3 068 829	10 068 829		
ABSA BANK - 407-817-1160- Cheque account	-	74 441	74 441	-	74 441	74 441		
ABSA BANK - 207-162-8839 - fixed deposit account	-	-	10 000 000	-	-	10 000 000		
ABSA BANK - 92-9699-9197 - fixed deposit	5 406 345	-	-	5 406 345	-	-		
ABSA BANK - 40-5285-3972 - cheque account (Primary Account)	3 435 184	697 394	8 157 620	4 938 896	(1 693 097)	6 169 379		
ABSA BANK - 207-257-2609- fixed deposit account	-	-	10 000 000	-	-	10 000 000		
ABSA BANK - 407-952-1198- Cheque account	-	315 741	5 315 559	-	315 741	5 315 741		
FNB - 742-1692-3637 Business fixed maturity notice	-	-	4 000 000	-	-	4 000 000		
FNB -742-7779-9762 - Fixed deposit	-	-	7 000 000	-	-	7 000 000		
FNB - 743-2229-0136 - Fixed deposit	-	15 000 000	15 000 000	-	15 000 000	15 000 000		
FNB - 743-6857-5469- Fixed deposit	-	-	10 002 630	-	-	10 002 630		
FNB-744-2206-8780- Fixed deposit	-	5 000 000	-	-	5 000 000	-		
Nedbank - 03-7881062983 - 000018 - call deposit	-	20 609 281	35 609 282	-	20 609 281	35 609 282		
Standard bank - 548772940- 004- Notice deposit	-	-	3 596 572	-	-	3 596 572		
Standard bank - 0385608640- 005- Fixed deposit	-	10 000 000	-	-	10 000 000	-		
Standard bank - 038568640-045 - Fixed deposit	5 000 000	-	-	5 000 000	-	-		
Standard bank-03856640-029- Fixed deposit	-	-	10 000 000	-	-	10 000 000		
Standard bank-03856640-030- Fixed deposit	-	-	15 393 138	-	-	15 393 138		
Standard bank-038568640-031- Investment account	-	-	7 000 000	-	-	7 000 000		
<b>Total</b>	<b>14 006 568</b>	<b>54 967 511</b>	<b>151 226 565</b>	<b>15 510 280</b>	<b>52 577 020</b>	<b>149 431 837</b>		

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>14. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	4 571 734	1 079 144
- in second to fifth year inclusive	6 970 139	1 659 622
	11 541 873	2 738 766
less: future finance charges	(1 298 237)	(323 328)
<b>Present value of minimum lease payments</b>	<b>10 243 636</b>	<b>2 415 438</b>
<b>Present value of minimum lease payments due</b>		
- within one year	3 781 866	899 945
- in second to fifth year inclusive	6 461 771	1 515 494
	10 243 637	2 415 439
Non-current liabilities	6 461 771	1 515 494
Current liabilities	3 781 866	899 945
	10 243 637	2 415 439

It is municipality policy to lease certain equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 9% (2014: 9%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

<b>Unspent conditional grants and receipts</b>		
Municipal infrastructure grant	6 620 598	-
Financial management grant	-	189 421
MSIG	43 297	168 667
IDC grant	-	48 564
WSOG	4 021 085	-
Integrated national electrification programme	-	311 493
	<b>10 684 980</b>	<b>718 145</b>

### Movement during the year

Balance at the beginning of the year (R718 145 - R669 581 Return to treasury)	48 564	46 847 048
Additions during the year	167 815 000	131 605 000
Income recognition during the year	(157 178 584)	(177 733 903)
	<b>10 684 980</b>	<b>718 145</b>

The municipality had R718 145 as the opening balance of unspent grant after the refund of R669 581 was made during the current financial year to National Treasury.

See note 22 for reconciliation of grants from National/Provincial Government.



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
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### 16. Provisions

#### Reconciliation of provisions - 2015

	Opening Balance	Change in estimates	Interest charge	Total
Siyabuswa landfill	10 724 947	485 262	-	11 210 209
Libangeni landfill	5 407 235	(1 781 052)	114 489	3 740 672
	<b>16 132 182</b>	<b>(1 295 790)</b>	<b>114 489</b>	<b>14 950 881</b>

#### Reconciliation of provisions - 2014

	Opening Balance	Change in estimates	Interest charge	Total
Siyabuswa landfill	10 220 867	504 080	-	10 724 947
Libangeni landfill	4 006 329	1 315 681	85 225	5 407 235
	<b>14 227 196</b>	<b>1 819 761</b>	<b>85 225</b>	<b>16 132 182</b>

Non-current liabilities  
Current liabilities

12 812 313	12 279 667
2 138 568	3 852 515
<b>14 950 881</b>	<b>16 132 182</b>

#### Environmental rehabilitation provision

The municipality has two landfill site for which the calculation was made and those calculations of the closure costs have been based on an estimations.

Siyabuswa landfill estimated 20 years in 2011 and the landfill has now been closed, a remaining life of zero years has been used for these valuations since 2013.

Libangeni landfill expected remaining life was based on a management estimation of 20 years in 2011 in the absence of any substantiating investigation. The newly extended landfill does have a planned remaining life of 35 years. The discounted value of the provision of R3 740 672 represents a decrease of R1 666 563 over the provision of R5 407 235 disclosed in the 2013/14 financial statements. The most important reason for this significant decrease in the discounted provision is the increase in estimated remaining life of the landfill. It is impracticable to disclose the effect of the changes in accounting estimates.

### 17. Trade payables

Trade payables  
Income received in advanced  
Leave accrued  
Accrued bonus  
Deposits received  
Staff overtime

52 154 607	80 407 307
1 557 838	576 489
11 120 049	9 332 948
3 065 486	2 939 024
77 666	39 812
606 974	766 732
<b>68 582 620</b>	<b>94 062 312</b>

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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>18. Revenue</b>		
Rendering of services	2 739 865	200 773
Service charges	54 337 984	33 363 144
Rental of facilities and equipment	670 952	2 109 854
Interest received (trading)	16 331 810	17 016 016
Other income	5 164 774	2 575 277
Interest received - investment	6 938 705	8 848 883
Property rates	12 616 944	6 167 684
Government grants & subsidies	427 940 020	425 922 495
Public contributions and donations	25 886 592	28 383 851
Other transfer revenue 1	5 815 232	3 965 356
Other transfer revenue 2	1 700 950	1 174 695
	<b>560 143 828</b>	<b>529 728 028</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	54 337 984	33 363 144
Rendering of services	2 739 865	200 773
Rental of facilities and equipment	670 952	2 109 854
Interest received (trading)	16 331 810	17 016 016
Other income	5 164 774	2 575 277
Interest received - investment	6 938 705	8 848 883
	<b>86 184 090</b>	<b>64 113 947</b>

The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>	12 616 944	6 167 684
Property rates		
<b>Transfer revenue</b>	427 940 020	425 922 495
Government grants & subsidies	25 886 592	28 383 851
Public contributions and donations	5 815 232	3 965 356
Other transfer revenue 1	1 700 950	1 174 695
Other transfer revenue 2		
	<b>473 959 738</b>	<b>465 614 081</b>

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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>19. Property rates</b>		
<b>Rates received</b>		
Residential	7 840 828	2 800 745
Commercial	1 483 998	526 588
State	3 292 621	3 597 690
Small holdings and farms	1 376 967	42 783
Less: Income forgone	(1 377 470)	(800 122)
	<b>12 616 944</b>	<b>6 167 684</b>

### Valuations Roll

Residential	1 268 698 515	546 667 200
Commercial	177 730 111	46 447 000
State	447 075 085	289 713 762
Small holdings and farms	239 386 774	7 871 000
	<b>2 132 890 485</b>	<b>890 698 962</b>

The valuation on land and buildings are performed every 4 years. The general valuation roll came into effect on 01 July 2014. The basic rates of R0.0065 (2014: R0.0060) on the value of agricultural land and buildings, R0.0074 (2014: R0.0068) on the value of business land and buildings, R0.0127 (2014: R0.0117) on the value of state land and buildings and R0.065 (2014: R0.0060) on the value of residential land and buildings are applied to determine assessment rates. These rates were agreed to the approved tariff policy.

### 20. Service charges

Sale of water	47 631 636	25 669 332
Sewerage and sanitation charges	3 135 674	3 623 789
Refuse removal	3 570 674	4 070 023
	<b>54 337 984</b>	<b>33 363 144</b>

### 21. Rental of facilities and equipments

Municipal buildings	2 800	1 499 444
Community halls	83 960	88 281
Stadium	19 851	17 497
Business stalls	564 342	504 632
	<b>670 953</b>	<b>2 109 854</b>

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# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>22. Government grants and subsidies</b>		
Equitable share	270 810 000	248 188 592
Municipal Infrastructure Grant	140 254 402	158 038 700
Financial Management Grant	1 600 000	1 359 267
Municipal Systems Improvement Grant	890 703	721 333
WSOG Grant	10 978 915	10 925 000
EPWP Grant	3 406 000	3 101 096
Integrated National Electrification Programme	-	3 588 507
	<b>427 940 020</b>	<b>425 922 495</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services and the day to day operations of the municipality.

### Municipal infrastructure grant

Balance unspent at beginning of year	-	84 481 312
Current-year receipts	146 875 000	111 244 000
Conditions met - transferred to revenue	(140 254 402)	(158 038 700)
Return to Treasury	-	(37 686 612)
	<b>6 620 598</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 15).

The grant is used to supplement municipal capital budgets to eradicate backlogs on municipal infrastructure utilised in providing basic services. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

### Financial Management Grant

Balance unspent at beginning of year	189 421	2 230
Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 600 000)	(1 359 267)
Return to Treasury	(189 421)	(3 542)
	<b>-</b>	<b>189 421</b>

Conditions still to be met - remain liabilities (see note 15).

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>22. Government grants and subsidies (continued)</b>		
<b>MSIG</b>		
Balance unspent at beginning of year	168 667	656 438
Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(890 703)	(721 333)
Return to Treasury	(168 667)	(656 438)
	<b>43 297</b>	<b>168 667</b>

Conditions still to be met - remain liabilities (see note 15).

The grant was used to assist the municipality in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the local government municipal systems act 32 of 2000. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

### IDC Grant

Balance unspent at beginning of year	48 564	48 564
Conditions met - transferred to revenue	(48 564)	-
	<b>-</b>	<b>48 564</b>

Conditions still to be met - remain liabilities (see note 15).

The grant was used for feasibility studies on tourism development. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

### EPWP

Balance unspent at beginning of year	-	295 096
Current-year receipts	3 406 000	3 096 000
Conditions met - transferred to revenue	(3 406 000)	(3 101 096)
Return to Treasury	-	(290 000)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 15).

The grant was used to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

### WSOG Grant

Current-year receipts	15 000 000	10 925 000
Conditions met - transferred to revenue	(10 978 915)	(10 925 000)
	<b>4 021 085</b>	<b>-</b>

The grant was used to finance the refurbishment, operation and maintenance of the water treatment plant.

### Integrated National Electrification Programme Grant

Balance unspent at beginning	311 493	-
Current-year receipts	-	3 900 000
Conditions met - transferred to revenue	-	(3 588 507)
Return to treasury	(311 493)	-
	<b>-</b>	<b>311 493</b>

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
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### 22. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

#### Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

### 23. Public contributions and donations

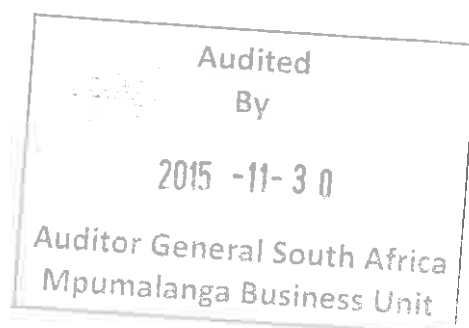
Department of agriculture, rural development & land administration  
Nkangala district municipality

-	6 179 397
25 886 592	22 204 454
<b>25 886 592</b>	<b>28 383 851</b>

### 24. Interest received (trading)

Interest on arrears accounts  
Interest on trading licence

16 314 834	17 007 415
16 976	8 601
<b>16 331 810</b>	<b>17 016 016</b>



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>25. General expenses</b>		
Advertising	809 512	1 268 891
Auditors remuneration	4 061 503	3 272 606
Bank charges	167 828	386 317
Cleaning	8 179 123	6 675 580
Consulting and professional fees	9 749 054	12 885 244
Debt collection	2 553 235	308 280
Entertainment	1 244 301	1 380 320
Insurance	2 459 144	1 850 896
Community development and training	2 477 998	2 424 920
Conferences and seminars	2 291 389	2 242 133
IT expenses	4 112 593	4 456 550
Motor vehicle expenses	2 220 899	791 376
Fuel and oil	19 149 167	14 731 383
Postage and courier	1 164	2 823
Printing and stationery	5 109 594	1 284 038
Protective clothing	199 723	1 269 914
Security (Guarding of municipal property)	16 107 563	10 291 200
Subscriptions and membership fees	2 005 411	1 020 208
Telephone and fax	1 854 370	2 202 725
Training	2 074 713	3 310 778
Travel - local	3 592 796	3 434 746
Uniforms	298 606	-
Tourism development	105 500	603 326
Waste management	989 440	1 937 299
Construction of ventilated improved pitlatrin toilets	1 182 691	38 438 099
Tax refund	-	6 338 925
Water reticulation	-	2 693 395
Electricity	26 002 770	23 756 757
MSIG	23 059	188 456
Landfill	485 262	1 819 761
Ward committee Support	4 145 086	4 279 106
Chemicals	5 683 713	4 827 930
Other expenses	18 641 559	18 184 877
Restructuring	4 398 038	-
	<b>152 376 804</b>	<b>178 558 859</b>

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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>26. Employee related costs</b>		
Basic	92 016 821	82 226 270
Bonus	8 057 266	6 616 326
Medical aid - company contributions	6 678 529	5 301 565
UIF	852 402	810 110
SDL	1 102 594	847 453
Leave pay provision	1 787 102	2 337 267
Pension fund contribution	17 670 642	16 595 882
Travel, motor car, accommodation, subsistence and other allowances	2 039 295	2 026 933
Overtime payments	6 865 748	6 925 687
Housing benefits and allowances	1 516 771	1 259 444
Cellphone allowance	337 711	106 327
Bargaining council	43 699	40 881
Group life contributions	25 460	28 400
	<b>138 994 040</b>	<b>125 122 545</b>

### Remuneration of municipal manager - Mahlangu BS

Annual Remuneration	1 085 229	454 295
Contributions to UIF, Medical and Pension Funds	207 515	84 348
Benefits and allowances	98 274	41 905
Acting allowance- Skhosana ZG	-	58 266
	<b>1 391 018</b>	<b>638 814</b>

### Remuneration of chief finance officer - Skhosana ZG

Annual Remuneration	758 125	715 549
Backpay	32 694	-
Contributions to UIF, Medical and Pension Funds	157 482	148 688
Acting allowance	2 596	-
Benefits and allowances	156 418	186 525
	<b>1 107 315</b>	<b>1 050 762</b>

### Remuneration of technical manager - Skosana VL

Annual Remuneration	616 901	579 005
Backpay	27 786	-
Contributions to UIF, Medical and Pension Funds	115 957	110 193
Benefits and allowances	151 315	207 983
	<b>911 959</b>	<b>897 181</b>

### Remuneration of acting admin manager - Monkoe MF

Annual Remuneration	384 526	348 593
Acting allowance	163 537	135 752
Annual Bonus	76 604	25 558
Contributions to UIF, Medical and Pension Funds	135 908	131 077
Benefits and allowances	75 730	73 851
	<b>836 305</b>	<b>714 831</b>

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# Dr JS Moroka Local Municipality

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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>26. Employee related costs (continued)</b>		
<b>Remuneration of community development services manager - Busane NP</b>		
Annual Remuneration	399 510	658 009
Backpay	8 439	
Lumpsum	188 199	
Contributions to UIF, Medical and Pension Funds	86 810	13 608
Acting allowance	11 081	
Benefits and allowances	69 768	144 401
	<b>763 807</b>	<b>816 018</b>
<b>27. Remuneration of councillors</b>		
Executive Mayor	763 993	708 471
Speaker	686 585	594 311
Chief Whip	623 149	590 201
Members of Mayoral Committee	3 219 969	3 034 768
Chairperson of section 79 committees	2 390 443	2 119 909
Other councillors	13 334 950	11 879 374
	<b>21 019 089</b>	<b>18 927 034</b>
<b>28. Debt impairment</b>		
Contributions to debt impairment provision	10 616 394	11 734 642
Bad debts written off	35 495 108	22 590 847
	<b>46 111 502</b>	<b>34 325 489</b>
<b>29. Investment revenue</b>		
<b>Interest revenue</b>		
Interest on fixed deposit	4 467 539	6 816 507
Interest on unit trust	2 471 166	2 032 376
	<b>6 938 705</b>	<b>8 848 883</b>
<b>30. Fair value adjustments</b>		
Other financial assets		
• Other financial assets (Designated at FV through statement of financial performance)	(1 575 207)	140 425
<b>31. Depreciation and amortisation</b>		
Property, plant and equipment	56 309 447	119 514 005
<b>32. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment		400 768

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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>33. Inventory written down</b>		
Stock written down for the year	(3 226 782)	(173 647)
Stock surplus for the year	2 766	-
	<b>(3 224 016)</b>	<b>(173 647)</b>
<b>34. Finance costs</b>		
Finance leases	466 653	67 590
Other interest paid	588 489	420 225
	<b>1 055 142</b>	<b>487 815</b>
<b>35. Auditors' remuneration</b>		
Fees	4 061 503	3 272 606
<b>36. Subsidies paid</b>		
Electricity	743 064	1 955 034
Sewerage	92 134	392 228
Refuse	91 737	391 526
Water	135 671	471 522
	<b>1 062 606</b>	<b>3 210 310</b>
Subsidies paid relate to free basic services for indigent.		
<b>37. Cash generated from operations</b>		
Surplus	97 144 526	21 857 396
<b>Adjustments for:</b>		
Depreciation and amortisation	56 309 447	119 514 005
Inventory written down	3 224 016	173 647
Profit on disposal of fixed assets	-	3 461 579
Gain/loss on long service benefit	(347 000)	(249 000)
Fair value adjustments	1 575 207	(140 425)
Finance costs - Finance leases	466 653	67 590
Impairment deficit	-	400 768
Debt impairment	46 111 502	34 325 489
Movements in provisions	(1 913 563)	(2 758 578)
Donation income	(25 886 592)	(22 204 454)
<b>Changes in working capital:</b>		
Inventories	4 046 456	(3 644 505)
Trade receivables	(54 896 848)	(12 417 334)
Other receivables	(17 146 145)	(1 104 516)
Trade payables	(27 393 255)	38 762 907
VAT	(3 204 917)	(15 425 810)
Unspent conditional grants and receipts	9 966 835	(84 765 495)
	<b>88 056 322</b>	<b>75 853 264</b>

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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>38. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not completed</b>		
• Property, plant and equipment	42 837 958	124 294 193
<b>Total capital commitments</b>		
Already contracted for but not provided for	42 837 958	124 294 193



This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

### 39. Contingencies

#### Contingent liabilities

1. Makhonzi Simon Mtsweni - This is the claim against the Municipality in the amount of R125 000.00 for damages as a result of suffering due to the removal of a tree and the digging of trench during the course of work undertaken in relation of a bulk water pipe.
2. Mahlangu - Mathibela E.M - This is the claim against the municipality in the amount of R450 000. In respect of the re-instatement of EM Mahlangu- Mathibela's salary, payment of the arrears salary and cost of the urgent application.
3. Elijah B Mashiga and Dumisani J Mashiga - This is the claim against the municipality in the amount of R 1 900 000.00. For damages in respect of unlawful arrest and detention of father and son.
4. SAMWU - This is a claim against the municipality in the amount of R75 000.00 in respect of the re-view and setting aside of the decision taken by the Municipality to employ Mcineka Z to act as Municipal Manager.
5. Ndhlovu Attorneys - This is a claim against the Municipality in the amount of R462 635.00. In respect of professional service rendered Pending cases against the municipality.

The above listed pending cases against the municipality total to R3 012 635.00. There are prospects of success in these matters.

#### Contingent assets

The below listed pending cases in favour of the municipality total to R3 834 377.19. There are prospects of success in these matters.

1. Sobek Engineering - This is a claim by the Municipality on the amount of R655 076.93, in respect of the overpayment made to the service provider in terms of a tender for professional engineering services.
2. Aubrey Sindane - This is a claim by the Municipality on the amount of R10 000.00, in respect of permanently prevent access of unlawful occupiers to portion 26 of farm valschfontein and demolition of structures on portion 26.
3. The Curve / Crystal Spark JV - This is a claim by the Municipality on the amount of R3 169 300.26. The curve failed to perform its obligations in terms of the agreement with the municipality.

### 40. Prior period errors

The municipality previously accounted for some stock items inclusive of VAT and they were also expensed as such, which resulted in the inventory being overstated by R866 407.

The VAT suspense account was not cleared on the monthly basis when paying the creditors. This resulted in the VAT account being understated by R5 688 235. Because of the correction of VAT account and adjustment on trade and other payable was also made.

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
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### 40. Prior period errors (continued)

An error was made in property, plant and equipment. The property, plant and equipment was overstated by R260 596 838 which was caused by assets that could not be physical identified and valuation of some assets.

Trade and other payables was restated as a result of correcting retention balance which was previously understated by R8 018 651.

Intangible assets were restated due to correction of prior year error due to understatement of accumulated depreciation.

Investment property balance was restated as a results of derecognition land that did not meet GRAP16 standard in terms of ownership and definition.

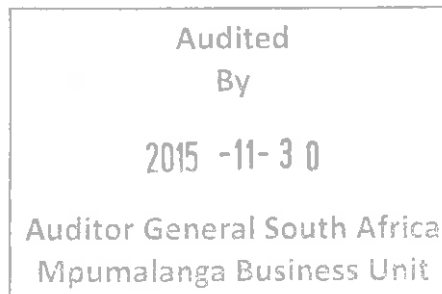
Property Plant and Equipment was restated due to correction of valuations of the assets and derecognition of gravel road which were previously accounted as part of the Property, Plant and Equipment.

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The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Inventories	(866 407)
Intangible assets	(97 549)
Vat receivable	5 688 235
Property, plant and equipment	- (260 596 838)
Trade & other receivable	- (32 316)
Investment property	- (100 017 230)
Trade receivable - traffic fines	- (1 957 893)
Finance lease	- 320 929
Trade and other payables	- 8 018 651
Long service bonus	- (109 000)
Accumulated surplus	349 649 415



#### Statement of Financial Performance

Remuneration of councillors	- 29 604
Finace cost	- (3 000)
Depreciation and amortazation	- (96 634)
Lease rental	- (447 176)
Repairs & maintenance	- 26 232
Traffic fines	- 3 900
General expenditure	- 936 305
Other fair value adjustment	- 161 000
Profit/Loss on disposal of assets	- 668
Other income	- 12 300
Debt impairment	- (989 063)

### 41. Comparative figures

The landfill site provision was reclassified between current and non-current liabilities due to the change in estimate.

The effects of the reclassification are as follows:

#### Statement of financial position

Current provision	- (6 986 921)
Non-current provision	- 6 986 921

### 42. Risk management

#### Financial risk management

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

2015 R	2014 R
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### 42. Risk management (continued)

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

#### Market risk

#### Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the statement of financial position at fair value. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

### 43. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

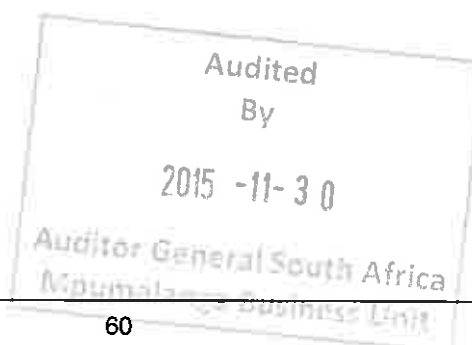
### 44. Events after the reporting date

There were no material events after reporting date that required adjustments in the financial statements.:

### 45. Unauthorised expenditure

Human resources management	2 745 721	-
Municipal manager office	1 434 478	-
Supply chain management	2 492 795	-
Facilities	1 552 087	-
Roads and storm water	127 055	-
Cemetery	125 564	-
Electricity	4 403 074	-
	<b>12 880 774</b>	-

The above unauthorised expenditure consist of projects implementant in the 2014/2015 financial year which were not budgeted. The item for consideration of unauthorised expenditure was submitted to council and the council refer the matter to the Municipal Public Account Committee for investigation.



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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>46. Fruitless and wasteful expenditure</b>		
Opening balance	3 726 904	3 659 590
Telkom	12 197	6 371
Eskom	57 645	48 037
Payroll taxes (PAYE & UIF)	1 253	-
Interest and penalties from SARS	-	4 312
Prodiba (driving license card)	-	8 594
	<b>3 797 999</b>	<b>3 726 904</b>



Mentioned matters have been referred to council committee for investigation.

### 47. Irregular and authorised expenditure

Opening balance	90 847 331	18 632 808
Add: Irregular Expenditure - current year	124 255 190	72 214 523
	<b>215 102 521</b>	<b>90 847 331</b>

### Details of irregular expenditure – 2014

Although the below mentioned list consist of irregular expenditure incurred, it should however be noted that the expected goods were delivered and the services rendered by the mentioned service providers.

DEPARTMENT	SUPPLIER	DESCRIPTION	
SCM	Alladyce & Partners Attorneys	The municipality had no legal team or attorneys at the period which necessitated to appoint Allordyce Attorney's to handle the municipal legal matters.	816 815
SCM	B.W Mtshweni Attorneys	The expenditure incurred was in respect of the urgent appointment of Mtshweni Attorneys for urgent interdict at Senotlelo and the transaction was a once off exercise.	25 566
SCM	Imbawula JV Thamandla	Expenditure noted during the audit	1 916 256
SCM	Tsetse Manufactures	Expenditure noted during the audit	697 089
SCM	Asimthokozeni	Expenditure noted during the audit	6 000
SCM	Ariono 545 cc	Expenditure noted during the audit	8 122
SCM	JW115 Welding	Expenditure noted during the audit	7 000
SCM	Southern sun the ridge	Expenditure noted during the audit	13 669
SCM	Holiday Inn	Expenditure noted during the audit	20 454
SCM	Baleni Catering	Expenditure noted during the audit	14 000
SCM	Baziboke Catering	Expenditure noted during the audit	10 800
SCM	Metro Siyabuswa	Expenditure noted during the audit	19 925
SCM	Bravo space	Expenditure noted during the audit	25 950
SCM	Garden court Hatfield	Expenditure noted during the audit	58 521
SCM	Putco LTD	Expenditure noted during the audit	114 095
SCM	Mawaza Music	Expenditure noted during the audit	8 000
SCM	Ntefu Design	Expenditure noted during the audit	35 016
SCM	Calculus	Expenditure noted during the audit	7 353
SCM	Art to print	Expenditure noted during the audit	4 959
SCM	Consolidated Africa Tech	Expenditure noted during the audit	39 000
SCM	LL Mahlangu practice	Expenditure noted during the audit	19 244
SCM	Siyabuswa motor	Expenditure noted during the audit	44 866
SCM	Ramotila Construction	Expenditure noted during the audit	11 503 979
SCM	Buzaphi Construction	Expenditure noted during the audit	8 545 826

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

		2015 R	2014 R
<b>47. Irregular and authorised expenditure (continued)</b>			
SCM	Geomab	Expenditure noted during the audit	10 584 819
SCM	Mayivuthe Construction	Expenditure noted during the audit	2 482 144
SCM	Batsekgadi Com Projects	Expenditure noted during the audit	11 846 331
SCM	Phumi Trading	Expenditure noted during the audit	3 537 121
SCM	Vukani Site Maintenance	Expenditure noted during the audit	9 039 446
SCM	Patrick Makgoka Construction	Expenditure noted during the audit	5 699 097
SCM	Vallei estate	Expenditure noted during the audit	5 445
SCM	Emerald resort	Expenditure noted during the audit	6 440
SCM	G&D Distributors	Expenditure noted during the audit	9 028
SCM	P&L Hardware	Expenditure noted during the audit	4 332
SCM	Titos genera trading (pty) ltd	Expenditure noted during the audit	3 240
SCM	Lindelani Okuhle construction	Expenditure noted during the audit	4 900
SCM	NB Panel beaters	Expenditure noted during the audit	5 000
SCM	Art to print mpumalanga cc	Expenditure noted during the audit	4 959
SCM	Travel start	Expenditure noted during the audit	4 860
SCM	Basupa ndela trading	Expenditure noted during the audit	3 000
SCM	Southern sun the ridge	Expenditure noted during the audit	13 669
SCM	Holiday inn Rosebank	Expenditure noted during the audit	20 454
SCM	Tsholo Tumelo Trading	Expenditure noted during the audit	22 997
SCM	Worley parsons	Expenditure noted during the audit	27 505
SCM	CorpMD chatterd Accountant	Expenditure noted during the audit	4 759 092
SCM	Baleni catering and pro	Expenditure noted during the audit	14 000
SCM	Baziboke catering and pro	Expenditure noted during the audit	10 800
SCM	Niccas catering and tents hire	Expenditure noted during the audit	7 000
SCM	Onvante catering and supplies	Expenditure noted during the audit	42 605
SCM	Bongukukhanya Trading	Expenditure noted during the audit	18 600
SCM	My girl power trading	Expenditure noted during the audit	5 000
SCM	Harvistar	Expenditure noted during the audit	23 960
SCM	Baleni Catering services cc	Expenditure noted during the audit	40 895
SCM	Remuneration of councillors	Expenditure noted during the audit	5 279
			<b>72 216 537</b>

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2015 -11- 3 n  
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Mpumalanga Business Unit

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

			Audited By	2015 R	2014 R
<b>47. Irregular and authorised expenditure (continued)</b>			2015 -11- 3 0		
<b>Details of irregular expenditure - 2015</b>			Auditor General South Africa Mpumalanga Business Unit		
DEPARTMENT	SUPPLIER	DESCRIPTION			
MM	Allardice Attorneys	Expenditure relate to the provision of legal service			890 148
MM	Mohale Incorporation	Expenditure relate to the provision of legal service			594 712
MM	Khuluphala Trading	Expenditure relate to the construction of Siyabuswa B bus & taxi route project			9 366 811
MM	Civil Craft				100 613
MM	Sancaa Connection	Expenditure relate to the re-engineering process			1 896 447
MM	Tlotleng Media Group	Expenditure relate to the printing services for publications			897 796
MM	Kufa Trading and Enterprise	Expenditure relate to the refurbishment of the 700 mm steel pipe			4 289 078
MM	Mahlarerwa construction	Katjibane Bus and taxi route			1 501 552
MM	Casnan Civils	Upgrading of Libangeni Standium			2 253 262
MM	Karren Kula	Ukukhanya Bulk Water Supply			2 988 385
MM	Namasango Business	Sehoko Water Reticulation			594 472
MM	Tsentse Manufacturing	Upgrading of stormwater drainage system near Ubuhlebethu in Siyabuswa B			133 254
MM	NJ Nkosana	Mmamethlake borehole equipment and storage tank			1 423 691
MM	Thotobela Trading	Construction of CWB in Ga-Morwe and Maphanga			296 600
MM	JJ Joubert Construction	Upgrading of Ga-Morwe Stadium			208 157
MM	SMV Engineering pty (LTD)	Construction of Mathanjana Unit Office			829 000
MM	Makommetsane Trading	Construction of Mathanjana Unit Office			2 889 733
MM	Sibuswa Motor Clinic	Fuel			674
MM	WSSA	Repairs and Maintenance			311 109
MM	Ditiro	Leasing of photocopying machines			289 215
MM	Mushavi Morwe Ndlovu	Performance of Forensic Investigation			749 280
MM	Odirile IT Solutions	IT Solutions			6 393 308
MM	Mbodvula Civil & Electrical	Supply and Installation of pumps and Accessories			3 755 046
MM	CORPMD	Unbundling of Assets and verification			1 831 225
SCM	Ndlala Mass Valuation	Revaluation of Assets			1 316 739
SCM	Ramabulana Man Services	Limitations			2 022 246
MM	Afrent Fleet Management	Limitations			4 831 270
MM	VIP Consulting Engineers	Limitations			315 350
MM	SMW Civil Engineers	Limitations			745 869
MM	Vuka Africa Consulting	Limitations			1 683 249
MM	Industrial Pumping	Limitations			2 432 000
MM	SB Consulting	Internal Audit			137 360
MM	TMS Consulting Engineers	Roads and Storm Water Projects			428 125
SCM	SM Xulu Incorporated	Reviewing of AFS			3 023 688
MM	Imbawula JV Thamandla	Construction of Storm Water			906 382
MM	Patrick Makgoba Construction	Upgrading of Ga-Morwe Stadium Phase 5			3 402 164
MM	Vexirox JV BI Family Construction	Upgrading of Loding of Bus and Taxi Route			80 109
MM	Ramotila Construction	Ga-Morwe V3 Resevior Bulk System			9 954 984
MM	Buzaphi Construction	Fixing and Re-Instating Bloedfontein Bulk Supply			13 428 870
MM	Makola Geomab Construction	Ga-morwe V3 Resevior Bulk System			10 430 371
MM	Lamanjalo Investment	Upgrading of Marapyane Bus and Taxi Route			604 220
MM	Mozmas Trading	Upgrading of Siyabuswa C Sewer Reticulation			2 159 208
MM	Vukubuzele Trading CC	Construction of CWB			1 546 920
MM	Totobela Trading & Project	Construction of CWB Toilets			5 085 774
MM	Siphetsile Consultants	Mkhombo Libangeni Bulk Water Supply JSM			347 800
MM	Chipane Construction	Construction of CWB Toltes			116 451
MM	Mayivuthe Construction	Electrical Reticulation			1 186 415
MM	Phumi Trading CC	Ga-Morwe V3 Reservoir			3 845 262
MM	Vukani Site Maintance	Ga Morwe V3 Reservoir Bulk System			9 489 289
MM	Employees	Overpayment on Employees Cost			251 507



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>47. Irregular and authorised expenditure (continued)</b>		<b>124 255 190</b>
<p>The Municipality is investigating possible instances of irregular expenditure which has not been included in the amount disclosed above. The full extent of irregularity would only be known at the conclusion of these investigations. The amount disclosed above may change based on the outcome of these investigations.</p>		
	-	
<b>48. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance	(260 621)	(221 264)
Current year subscription / fee	1 681 140	1 103 510
Amount paid - current year	-	(1 076 547)
Amount credited	-	(66 320)
	<b>1 420 519</b>	<b>(260 621)</b>
<b>Material losses</b>		
Water distribution loss	7 652 880	20 669 046
<p>The water losses was determined by using actual kilolitre pumped and water billed at cost per kilolitre of R1.44 (R1.38 2014)</p>		
<b>Audit fees</b>		
Amount paid - current year	4 061 503	2 577 645
<b>PAYE and UIF</b>		
Opening balance	(179)	-
Current year subscription / fee	21 985 405	14 516 592
Amount paid - current year	(21 985 226)	(14 516 771)
	-	(179)
<b>Material losses recovered or written off</b>		
Material loss	22 922 749	-
Material recovered	(22 714 157)	-
	<b>208 592</b>	-
<p>Under the year review the municipality had a material loss on the municipal bank account and managed to recover the loss</p>		
<b>VAT</b>		
VAT receivable	23 698 375	20 493 458

VAT output payables and VAT input receivables are shown in note 11.

All VAT returns have been submitted by the due date throughout the year.

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
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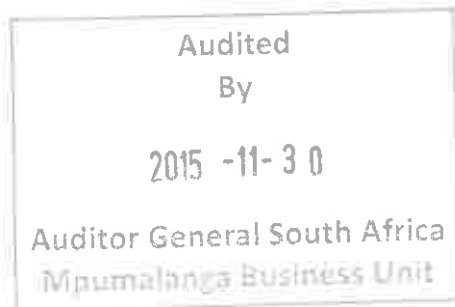
### 48. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors have arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Nkandimeng SL	90	-	90
Mdluli SB	288	-	288
Skosana GJ	568	73	641
Mahlangu MS	593	2 206	2 799
Shabangu J	358	722	1 080
Skosana KA	479	-	479
MAshishi MW	166	118	284
Masilela SE	185	864	1 049
	<b>2 727</b>	<b>3 983</b>	<b>6 710</b>

30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Skhosana JR	236	-	236
Masombuka MJ	142	606	748
Mashishi MW	207	56	263
Ndlovu	552	2 047	2 599
Maoka RN	245	1 233	1 478
Shabangu MM	463	1 026	1 489
Masilela SE	247	1 255	1 502
	<b>2 092</b>	<b>6 223</b>	<b>8 315</b>



During the year under review the above Councillors' had arrear accounts outstanding for more than 90 days.

#### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.

#### Incident

Entertainment	74 988	119 465
Repair and Maintenance	103 519	644 005
Advertisement	459 211	254 036
Transport	229 391	201 379
Travel and accomodation	443 570	457 157
Training	574 520	771 356
Other	220 105	992 573
	<b>2 105 304</b>	<b>3 439 971</b>

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

2015	2014
R	R

### 49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The municipality incurred expenditure amounting to R2,105,304 (2014: R3,439,971) during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

### 50. Long service bonus liability

#### Reconciliation of assets and liabilities

Opening accrued liability	5 592 000	4 633 000
Service cost	937 000	893 000
Interest cost	474 000	335 000
Acturial gain	(347 000)	(249 000)
Benefit paid	(51 000)	(20 000)
	<b>6 605 000</b>	<b>5 592 000</b>

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2015 -11-30  
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Mpumalanga Business Unit

# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

2015 R	2014 R
-----------	-----------

### 50. Long service bonus liability (continued)

#### Nature of Liability

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year of the employee attaining the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy. Dr JS Moroka offers bonuses for every 5 years of completed service from 10 years to 45 years.

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. Dr JS Moroka advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

#### Summary of actuarial assumptions

The long service bonus awards are a function of accumulated leave days. The long service bonus awards is a function of annual leave days and is convertible into cash in the year the employee attains the service eligible for an award. As a result the award is also function of the employee's annual salary.

The annual salary is converted into a daily salary by dividing the annual salary by 250. The consumer price inflation of 6.82% p.a. is obtained from the differential between the long term market yield on the index-linked bond (the R197 at 1.56% p.a.) consistent with the estimated term of the liabilities and those of nominal bond (the R186 at 8.48% p.a.). However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have assumed that salary inflation will exceed consumer price inflation by 1% per annum. The assumption regarding the relative levels of these two rates is our expectation of the long-term average. Accounting Standard IAS19 defines the determination of the investment return assumption to be used as the rate that can "be determined by reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds should be used.

The currency and term of the corporate bonds or government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations." As such a discount rate of 8.51% p.a. has been used. This was derived from the yield curve, without a tax adjustment, obtained from the Bond.

#### Liability valuation method

Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases. For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death. In accordance with the requirements of IAS19, the Projected Unit Credit method of funding has been applied.

### 51. Licence and permits

Motor licencing	5 722 984	3 857 292
Trading licence	92 248	108 064
	<b>5 815 232</b>	<b>3 965 356</b>

### 52. Repairs and Maintenance

Roads and stormwater	4 805 446	5 170 143
Machinery & equipment	22 379 511	14 001 602
Building	5 083 094	3 589 619
Vehicle	8 388 613	-
Other	325 571	869 466
	<b>40 982 235</b>	<b>23 630 830</b>



# Dr JS Moroka Local Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>53. Particulars of Non - Compliance with the MFMA of 2003</b>		
<b>Details</b>		
Irregular and unauthorised expenditure	119 577 371	90 847 331
Fruitless and Wasteful Expenditure	3 797 999	3 726 904
Unauthorised expenditure	12 880 774	-
	<b>136 256 144</b>	<b>94 574 235</b>

The Municipality did not comply with the MFMA act 56 of 2003 on the above mentioned expenditures

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## Appendix B

### Analysis of property, plant and equipment as at 30 June 2012 Accumulated depreciation

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2012 Accumulated depreciation

Cost/Revaluation								Accumulated depreciation					
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

## Appendix B

**Analysis of property, plant and equipment as at 30 June 2012**

**Cost/Revaluation**                      **Accumulated depreciation**

[illegible]

**Agricultural/Biological assets**  
**Intangible assets**  
**Investment properties**  
**Total**



## Appendix B

### Analysis of property, plant and equipment as at 30 June 2011 Accumulated depreciation

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2011

#### Cost/Revaluation

#### Accumulated depreciation

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

**Analysis of property, plant and equipment as at 30 June 2011**

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## Appendix C

### Segmental analysis of property, plant and equipment as at 30 June 2010 Accumulated Depreciation

	Cost/Revaluation				Accumulated Depreciation				Carrying value Rand
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	
<b>Municipality</b>									
Executive & Council/Mayor and Council	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Finance & Admin/Finance	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Planning and Development/Economic Development/Plan	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Health/Clinics	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Comm. & Social/Libraries and archives	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Housing	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Public Safety/Police	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Sport and Recreation	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Environmental Protection/Pollution Control	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Waste Water Management/Sewerage	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Road Transport/Roads	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Water/Water Distribution	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Electricity /Electricity Distribution	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Other/Air Transport	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
<b>Municipal Owned Entities</b>									
	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
<b>Total</b>	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
<b>Municipality</b>									
<b>Municipal Owned Entities</b>									

**Segmental analysis of property, plant and equipment as at 30 June 2010**

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## Appendix D

	Prior Year	Current Year
Segmental Statement of Financial Performance for the year ended		

[illegible]

## Appendix D

	Prior Year	Current Year
Segmental Statement of Financial Performance for the year ended		

[illegible]

## Appendix E(1)

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

Current year 2014 Act. Bal.	Current year 2014 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Rand	Rand	Rand		
<b>Revenue</b>				
Sale of goods	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	
Rendering of services	-	-	-	
Rendering of services in agricultural activities	-	-	-	
Property rates	-	-	-	
Service charges	-	-	-	
Sales of housing	-	-	-	
Construction contracts	-	-	-	
Royalty income	-	-	-	
Rental of facilities and equipment	-	-	-	
Interest received (trading)	-	-	-	
Dividends received (trading)	-	-	-	
Agency services	-	-	-	
Licences and permits	-	-	-	
Municipal Revenue UD1	-	-	-	
Municipal Revenue UD2	-	-	-	
Miscellaneous other revenue	-	-	-	
Administration and management fees received	-	-	-	
Fees earned	-	-	-	
Commissions received	-	-	-	
Royalties received	-	-	-	
Rental income	-	-	-	
Discount received	-	-	-	
Recoveries	-	-	-	
Other income 1	-	-	-	
Other income 2	-	-	-	
Financial instruments - Fee income	-	-	-	
Other income - (rollup)	-	-	-	
Other farming income 1	-	-	-	
Other farming income 2	-	-	-	
Other farming income 3	-	-	-	
Other farming income 4	-	-	-	
Other farming income	-	-	-	
Other income 3	-	-	-	
Interest received - investment	-	-	-	
Interest received - other	-	-	-	
Dividends received	-	-	-	



## Appendix E(1)

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2014 Act. Bal.	Current year 2014 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>Expenses</b>				
Personnel	-	-	-	-
Manufacturing	-	-	-	-
Employee costs	-	-	-	-
Remuneration of councillors	-	-	-	-
Administration	-	-	-	-
Transfer payments	-	-	-	-
Depreciation	-	-	-	-
Impairment	-	-	-	-
Amortisation	-	-	-	-
Impairments	-	-	-	-
Reversal of impairments	-	-	-	-
Finance costs	-	-	-	-
Bad debts written off	-	-	-	-
Collection costs	-	-	-	-
Repairs and maintenance	-	-	-	-
- Manufacturing expenses	-	-	-	-
Repairs and maintenance	-	-	-	-
- General	-	-	-	-
Repairs and maintenance	-	-	-	-
- General	-	-	-	-
Bulk purchases	-	-	-	-
Contracted Services	-	-	-	-
Transfers and Subsidies	-	-	-	-
Cost of housing sold	-	-	-	-
General Expenses	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	-	-	-	-
Gain or loss on exchange differences	-	-	-	-
Fair value adjustments	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-
Income from equity accounted investments	-	-	-	-
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-

## Appendix E(1)

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2014 Act. Bal.	Current year 2014 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Taxation	-	-	-	-
Discontinued operations	-	-	-	-
Net surplus/ (deficit) for the year	-	-	-	-

## Appendix E(2)

### Budget Analysis of Capital Expenditure as at 30 June 2010

Additions	Revised Budget	Variance	Variance	Explanation of significant
Rand	Budget	Rand	%	variances from budget
-	-	-	-	
-	-	-	-	
4 447 997	2 795 002	1 652 995)	(59)	Projects are not completed
-	-	-	-	
2 150 000	3 173 271	1 023 271	32	
-	-	-	-	
-	-	-	-	
-	85 196	85 196	100	
0 227 039	1 756 157)	1 983 196)	4 099	
-	-	-	-	
9 858 431	-	9 858 431)	-	
4 301 091	3 091 139	1 209 952)	(39)	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
0 984 558	7 388 451	3 596 107)	(2 214)	

### Municipal Owned Entities

### Other charges

-	-	-	-
-	-	-	-
-	-	-	-

---

-	-	-	-
-	-	-	-
-	-	-	-

## Appendix F

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts						Quarterly Expenditure						Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds		Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act		Reason for noncompliance
																					Yes	No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					

**Note:** A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

# Appendix G1

## Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2015

2015/2014

2014/2013

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue - Standard</b>															
Governance and administration	413 931 000	32 890 000	446 821 000	-	-	446 821 000	444 751 850	-	(2 069 150)	100 %	107 %	-	-	-	401 189 633
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	413 931 000	32 890 000	446 821 000	-	-	446 821 000	444 751 850	-	(2 069 150)	100 %	107 %	-	-	-	401 189 633
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	830 000	(35 000)	595 000	-	-	595 000	1 473 780	-	878 780	248 %	234 %	-	-	-	5 393 444
Community and social services	380 000	(35 000)	345 000	-	-	345 000	302 985	-	(42 015)	88 %	80 %	-	-	-	5 151 979
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	250 000	-	250 000	-	-	250 000	1 170 795	-	920 795	468 %	468 %	-	-	-	241 465
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	4 882 610	161 350	5 044 000	-	-	5 044 000	13 772 399	-	8 728 399	273 %	282 %	-	-	-	11 437 978
Planning and development	3 640 610	(1 340 610)	2 300 000	-	-	2 300 000	9 200 582	-	6 900 582	400 %	253 %	-	-	-	7 986 300
Road transport	1 242 000	1 502 000	2 744 000	-	-	2 744 000	4 571 817	-	1 827 817	167 %	368 %	-	-	-	3 451 678
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	61 711 091	(21 430 796)	40 280 295	-	-	40 280 295	47 538 378	-	7 258 083	118 %	77 %	-	-	-	46 162 823
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	54 408 000	(24 487 505)	29 920 495	-	-	29 920 495	40 363 949	-	10 443 454	135 %	74 %	-	-	-	41 410 502
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	7 303 091	3 056 709	10 359 800	-	-	10 359 800	7 174 429	-	(3 185 371)	69 %	98 %	-	-	-	4 752 321
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Total Revenue - Standard</b>	<b>481 154 701</b>	<b>11 585 584</b>	<b>492 740 285</b>	<b>-</b>	<b>-</b>	<b>492 740 285</b>	<b>507 536 407</b>	<b>-</b>	<b>14 796 112</b>	<b>103 %</b>	<b>105 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>464 183 878</b>

# Appendix G1 Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2015

	2015/2014						2014/2013								
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration															
Executive and council	138 082 632	168 523 510	306 606 142	-	-	306 606 142	128 885 873	-	(177 720 269)	42 %	93 %	-	-	-	230 983 544
Budget and treasury office	30 663 826	146 559 185	177 223 011	-	-	177 223 011	45 620 748	-	(131 602 263)	26 %	149 %	-	-	-	33 449 814
Corporate services	76 765 254	19 787 136	96 552 392	-	-	96 552 392	56 730 446	-	(39 821 946)	59 %	74 %	-	-	-	169 187 833
Community and public safety	30 663 552	2 177 187	32 830 739	-	-	32 830 739	26 534 679	-	(6 296 060)	81 %	87 %	-	-	-	28 345 897
Community and social services	43 810 575	5 458 434	49 269 009	-	-	49 269 009	46 647 917	-	(2 621 092)	95 %	106 %	-	-	-	40 472 427
Community and social services	24 158 192	3 984 904	28 143 096	-	-	28 143 096	26 922 805	-	(1 220 291)	96 %	111 %	-	-	-	24 933 301
Sport and recreation	2 336 360	(467 233)	1 869 127	-	-	1 869 127	1 726 409	-	(142 718)	92 %	74 %	-	-	-	910 381
Public safety	17 124 141	1 934 190	19 058 331	-	-	19 058 331	17 791 778	-	(1 266 553)	93 %	104 %	-	-	-	14 458 721
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	191 882	6 573	198 455	-	-	198 455	206 925	-	8 470	104 %	108 %	-	-	-	170 024
Economic and environmental services	16 690 217	4 354 210	21 044 427	-	-	21 044 427	19 404 833	-	(1 639 594)	92 %	116 %	-	-	-	20 892 164
Planning and development	11 617 348	3 506 288	15 123 636	-	-	15 123 636	13 561 797	-	(1 561 839)	90 %	117 %	-	-	-	16 170 069
Road transport	5 072 869	847 922	5 920 791	-	-	5 920 791	5 843 036	-	(77 755)	99 %	115 %	-	-	-	4 522 095
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	134 000 192	43 219 438	177 219 630	-	-	177 219 630	104 099 337	-	(73 120 293)	59 %	78 %	-	-	-	86 213 986
Electricity	19 886 283	14 632 853	34 519 137	-	-	34 519 137	29 329 117	-	(5 190 020)	85 %	147 %	-	-	-	4 899 523
Water	51 617 975	3 481 956	55 099 931	-	-	55 099 931	52 316 872	-	(2 783 059)	95 %	101 %	-	-	-	-
Waste water management	50 091 024	19 556 456	69 647 480	-	-	69 647 480	14 130 218	-	(55 517 262)	20 %	28 %	-	-	-	71 591 864
Waste management	12 404 910	5 548 172	17 953 082	-	-	17 953 082	8 323 130	-	(9 629 952)	46 %	67 %	-	-	-	9 732 599
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	332 583 616	221 565 592	554 139 208	-	-	554 139 208	299 037 960	-	(255 101 248)	54 %	90 %	-	-	-	378 362 121
Surplus/(Deficit) for the year	148 571 085	(209 969 998)	(61 398 913)	-	-	(61 398 913)	208 498 447	-	269 897 360	(340)%	140 %	-	-	-	85 821 757

# Appendix G2

## Budgeted Financial Performance (revenue and expenditure by municipal vote) for the year ended 30 June 2015

2015/2014

2014/2013

	Original Budget		Budget Adjustments (i.l.o. s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.l.o. s31 of the MFMA)		Virement (i.l.o. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variance of Actual Outcome against Adjustments Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
<b>Revenue by Vote</b>																														
Example 1 - Vote: Finance and Admin	413 931 000		32 890 000		446 821 000						446 821 000		444 751 850				(2 069 150)		100 %		107 %									
Example 2 - Vote2: Community and Social Service	380 000		(35 000)		345 000						345 000		302 985				(42 015)		86 %		80 %									
Example 3 - Vote3: Planning and Development	3 640 610		(1 340 610)		2 300 000						2 300 000		9 200 582				6 900 582		400 %		253 %									
Example 4 - Vote4: Roads & Transport	1 242 000		1 502 000		2 744 000						2 744 000		4 571 817				1 827 817		167 %		368 %									
Example 5 - Vote5: Waste Management	7 303 091		3 056 709		10 359 800						10 359 800		7 174 429				(3 185 371)		69 %		98 %									
Example 6 - Vote6: Waste Water Management	54 408 000		(24 487 505)		29 920 495						29 920 495		40 363 949				10 443 454		135 %		74 %									
Example 7 - Vote7: Public Safety	250 000				250 000						250 000		1 170 795				920 795		468 %		468 %									
Example 8 - Vote8: Executive & Council																		DIV/0 %		DIV/0 %										
Example 9 - Vote9:																		DIV/0 %		DIV/0 %										
Example 10 - Vote10																		DIV/0 %		DIV/0 %										
Example 11 - Vote11																		DIV/0 %		DIV/0 %										
Example 12 - Vote12																		DIV/0 %		DIV/0 %										
Example 13 - Vote13																		DIV/0 %		DIV/0 %										
Example 14 - Vote14																		DIV/0 %		DIV/0 %										
Example 15 - Vote15																		DIV/0 %		DIV/0 %										
<b>Total Revenue by Vote</b>	<b>481 154 701</b>		<b>11 585 594</b>		<b>492 740 295</b>						<b>492 740 295</b>		<b>507 536 407</b>				<b>14 796 112</b>		<b>103 %</b>		<b>105 %</b>									
<b>Expenditure by Vote to be appropriated</b>																														
Example 1 - Vote1: Executive & Council	30 663 826		146 559 185		177 223 011						177 223 011		45 620 748				(131 602 263)		26 %		149 %									
Example 2 - Vote2: Finance & Admin	107 418 776		21 964 325		129 383 101						129 383 101		83 265 145				(46 117 956)		64 %		78 %									
Example 3 - Vote3: Community & Social Service	24 350 074		3 991 477		28 341 551						28 341 551		27 129 730				(1 211 821)		96 %		111 %									
Example 4 - Vote4: Planning & Development	11 617 348		3 506 288		15 123 636						15 123 636		13 561 797				(1 561 839)		90 %		117 %									
Example 5 - Vote5: Sports, Art, culture & Recreation	2 336 360		(467 233)		1 869 127						1 869 127		1 726 409				(142 718)		92 %		74 %									
Example 6 - Vote6: Road Transport	5 072 869		847 922		5 920 791						5 920 791		5 843 036				(77 755)		99 %		115 %									
Example 7 - Vote7: Waste Management	12 404 910		5 548 172		17 953 082						17 953 082		8 323 130				(9 629 952)		46 %		67 %									
Example 8 - Vote8: Waste Water Management	101 708 999		23 038 412		124 747 411						124 747 411		66 447 090				(58 300 321)		53 %		65 %									
Example 9 - Vote9: Public Safety	17 124 141		1 934 190		19 058 331						19 058 331		17 791 778				(1 266 553)		93 %		104 %									
Example 10 - Vote10: Electricity	19 886 283		14 632 854		34 519 137						34 519 137		29 329 117				(5 190 020)		85 %		147 %									
Example 11 - Vote11																		DIV/0 %		DIV/0 %										
Example 12 - Vote12																		DIV/0 %		DIV/0 %										
Example 13 - Vote13																		DIV/0 %		DIV/0 %										
Example 14 - Vote14																		DIV/0 %		DIV/0 %										
Example 15 - Vote15																		DIV/0 %		DIV/0 %										
<b>Total Expenditure by Vote</b>	<b>332 583 586</b>		<b>221 555 592</b>		<b>554 139 178</b>						<b>554 139 178</b>		<b>299 037 980</b>				<b>(255 101 198)</b>		<b>54 %</b>		<b>90 %</b>									
<b>Surplus/(Deficit) for the year</b>	<b>148 571 115</b>		<b>(208 969 998)</b>		<b>(61 398 883)</b>						<b>(61 398 883)</b>		<b>208 498 427</b>				<b>269 897 310</b>		<b>(340)%</b>		<b>140 %</b>									

# Appendix G3 Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2015

2015/2014											
Original Budget				Final Budget				2014/2013			
Budget Adjustments (i.e. s28 and s31 of the MFMA)		Shifting of funds (i.e. s31 of the MFMA)		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Reported unauthorised expenditure	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Expenditure authorised in terms of section 32 of MFMA	Restated Audited Outcome
Revenue By Source											
Property rates	6 099 005	-	6 099 005	-	-	6 099 005	5 558 714	91 %	91 %	-	6 167 684
Property rates - penalties & collection charges	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-
Service charges - electricity revenue	51 414 680	(28 438 000)	22 976 680	-	-	22 976 680	47 631 636	207 %	93 %	-	25 669 331
Service charges - water revenue	2 050 000	1 550 000	3 600 000	-	-	3 600 000	3 135 674	87 %	153 %	-	3 623 789
Service charges - sanitation revenue	2 585 000	(265 000)	2 300 000	-	-	2 300 000	3 570 674	155 %	139 %	-	4 070 023
Service charges - refuse revenue	210 000	(30 000)	180 000	-	-	180 000	200 773	112 %	96 %	-	619 898
Service charges - other	210 000	(45 000)	165 000	-	-	165 000	670 952	407 %	320 %	-	1 917 583
Rental of facilities and equipment	12 400 000	(2 000 000)	10 400 000	-	-	10 400 000	9 273 349	89 %	75 %	-	8 873 902
Interest earned - external investments	9 000 000	-	9 000 000	-	-	9 000 000	17 016 016	189 %	189 %	-	13 216 825
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-
Dividends received	250 000	-	250 000	-	-	250 000	5 136 151	214 %	571 %	-	-
Fines	900 000	1 504 000	2 404 000	-	-	2 404 000	-	-	-	-	-
Licences and permits	342 000	(2 000)	340 000	-	-	340 000	-	-	-	-	-
Agency services	273 625 000	-	273 625 000	-	-	273 625 000	341 101 084	125 %	125 %	-	2 911 200
Transfers recognised - operational	11 989 000	(7 489 000)	4 500 000	-	-	4 500 000	30 155 345	670 %	252 %	-	341 101 084
Other revenue	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	19 900 675
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	371 054 685	(35 215 000)	335 839 685	-	-	335 839 685	463 450 368	138 %	125 %	-	428 011 994



# Appendix G3 Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2015

2015/2014

2014/2013

	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.e. s31 of the MFMA)		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variance of Actual Outcome against Budget Adjustments		Actual Outcome as % of Final Budget		Actual as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Employee related costs	107 850 983		15 408 865		123 259 848		-		-		123 259 848		123 603 067		-		343 219		100 %		115 %		-		-		-		104 523 634	
Remuneration of councillors	15 604 380		489 971		16 094 351		-		-		16 094 351		19 722 177		-		3 627 826		123 %		126 %		-		-		-		16 393 685	
Debt impairment	34 000 000		-		34 000 000		-		-		34 000 000		35 951 079		-		1 951 079		106 %		106 %		-		-		-		34 325 489	
Depreciation & asset impairment	-		140 000 000		140 000 000		-		-		140 000 000		9 815 185		-		(130 184 815)		7 %		DIV/0 %		-		-		-		119 914 773	
Finance charges	-		300 000		300 000		-		-		300 000		87 590		-		(232 410)		23 %		DIV/0 %		-		-		-		139 459	
Bulk purchases	-		-		-		-		-		-		(140 425)		-		(140 425)		DIV/0 %		DIV/0 %		-		-		-		(1 871 792)	
Other materials	21 325 000		3 475 000		24 800 000		-		-		24 800 000		22 090 979		-		(2 709 021)		89 %		-		-		-		-		17 643 153	
Contracted services	13 340 000		9 788 596		23 128 596		-		-		23 128 596		1 062 607		-		(23 128 596)		-		-		-		-		-		3 210 310	
Transfers and grants	45 474 000		10 540 000		56 014 000		-		-		56 014 000		287 195 935		-		(54 951 393)		210 %		302 %		-		-		-		118 059 375	
Other expenditure	94 890 024		41 552 528		136 542 552		-		-		136 542 552		2 131 425		-		150 653 383		DIV/0 %		DIV/0 %		-		-		-		16 546 204	
Loss on disposal of PPE	-		-		-		-		-		-		2 131 425		-		2 131 425		DIV/0 %		DIV/0 %		-		-		-		-	
<b>Total Expenditure</b>	<b>332 884 387</b>		<b>221 554 960</b>		<b>554 139 347</b>		<b>-</b>		<b>-</b>		<b>554 139 347</b>		<b>501 499 619</b>		<b>-</b>		<b>(52 639 728)</b>		<b>91 %</b>		<b>151 %</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>428 884 290</b>	
<b>Surplus/(Deficit)</b>	<b>38 470 298</b>		<b>(256 769 960)</b>		<b>(218 293 662)</b>		<b>-</b>		<b>-</b>		<b>(218 293 662)</b>		<b>(38 049 251)</b>		<b>-</b>		<b>180 250 411</b>		<b>17 %</b>		<b>(99)%</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>(872 296)</b>	
Transfers recognised - capital	-		-		-		-		-		-		25 886 592		-		25 886 592		DIV/0 %		DIV/0 %		-		-		-		28 383 851	
Contributions recognised - capital	-		-		-		-		-		-		-		-		-		DIV/0 %		DIV/0 %		-		-		-		-	
Contributed assets	-		-		-		-		-		-		-		-		-		DIV/0 %		DIV/0 %		-		-		-		-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>38 470 298</b>		<b>(256 769 960)</b>		<b>(218 293 662)</b>		<b>-</b>		<b>-</b>		<b>(218 293 662)</b>		<b>(12 162 659)</b>		<b>-</b>		<b>206 137 003</b>		<b>6 %</b>		<b>(32)%</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>27 511 555</b>	
Taxation	-		-		-		-		-		-		-		-		-		DIV/0 %		DIV/0 %		-		-		-		-	
<b>Surplus/(Deficit) after taxation</b>	<b>38 470 298</b>		<b>(256 769 960)</b>		<b>(218 293 662)</b>		<b>-</b>		<b>-</b>		<b>(218 293 662)</b>		<b>(12 162 659)</b>		<b>-</b>		<b>206 137 003</b>		<b>6 %</b>		<b>(32)%</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>27 511 555</b>	
Attributable to minorities	-		-		-		-		-		-		-		-		-		DIV/0 %		DIV/0 %		-		-		-		-	
<b>Surplus/(Deficit) attributable to municipality</b>	<b>38 470 298</b>		<b>(256 769 960)</b>		<b>(218 293 662)</b>		<b>-</b>		<b>-</b>		<b>(218 293 662)</b>		<b>(12 162 659)</b>		<b>-</b>		<b>206 137 003</b>		<b>6 %</b>		<b>(32)%</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>27 511 555</b>	
Share of surplus/ (deficit) of associate	-		-		-		-		-		-		347 000		-		347 000		DIV/0 %		DIV/0 %		-		-		-		249 000	
<b>Surplus/(Deficit) for the year</b>	<b>38 470 298</b>		<b>(256 769 960)</b>		<b>(218 293 662)</b>		<b>-</b>		<b>-</b>		<b>(218 293 662)</b>		<b>(11 815 659)</b>		<b>-</b>		<b>206 484 003</b>		<b>5 %</b>		<b>(31)%</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>27 760 555</b>	

## Appendix G4

### Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2015

2015/2014

2014/2013

	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.e. s31 of the MFMA)		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variance of Actual Outcome against Adjustments Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
<b>Capital expenditure - Vote Multi-year expenditure</b>																														
Example 1 - Vote1: Finance and Admin Council	16 000 000		6 150 000		22 150 000						22 150 000		13 173 271				(8 976 729)		DIV/0 %		DIV/0 %		-							
Example 2 - Vote2: Executive & Services	1 000 000		3 447 997		4 447 997						4 447 997		2 795 002				(1 652 995)		59 %		82 %		-							711 540 894
Example 3 - Vote3: Community Social Development	3 930 000		(3 930 000)										85 196				85 196		63 %		280 %		-							699 957
Example 4 - Vote4: Planning & Management	44 248 451		25 978 588		70 227 039						70 227 039		71 756 157				1 529 118		DIV/0 %		2 %		-							681 078
Example 5 - Vote5: Waste Management	3 900 000		401 091		4 301 091						4 301 091		3 091 139				(1 209 952)		72 %		79 %		-							21 904 304
Example 6 - Vote6: Electricity	60 801 549		29 058 882		89 860 431						89 860 431		70 291 958				(19 568 473)		78 %		116 %		-							22 017 983
Example 7 - Vote7: Water																		DIV/0 %		DIV/0 %		-								
Example 8 - Vote8: Water																		DIV/0 %		DIV/0 %		-								
Example 9 - Vote9																		DIV/0 %		DIV/0 %		-								
Example 10 - Vote10																		DIV/0 %		DIV/0 %		-								
Example 11 - Vote11																		DIV/0 %		DIV/0 %		-								
Example 12 - Vote12																		DIV/0 %		DIV/0 %		-								
Example 13 - Vote13																		DIV/0 %		DIV/0 %		-								
Example 14 - Vote14																		DIV/0 %		DIV/0 %		-								
Example 15 - Vote15																		DIV/0 %		DIV/0 %		-								
<b>Capital multi-year expenditure sub-total</b>	<b>129 880 000</b>		<b>61 104 558</b>		<b>190 984 558</b>						<b>190 984 558</b>		<b>161 192 723</b>				<b>(29 791 835)</b>		<b>84 %</b>		<b>124 %</b>									<b>756 844 216</b>
<b>Single-year expenditure</b>																														
Example 1 - Vote1																		DIV/0 %		DIV/0 %		-								
Example 2 - Vote2																		DIV/0 %		DIV/0 %		-								
Example 3 - Vote3																		DIV/0 %		DIV/0 %		-								
Example 4 - Vote4																		DIV/0 %		DIV/0 %		-								
Example 5 - Vote5																		DIV/0 %		DIV/0 %		-								
Example 6 - Vote6																		DIV/0 %		DIV/0 %		-								
Example 7 - Vote7																		DIV/0 %		DIV/0 %		-								
Example 8 - Vote8																		DIV/0 %		DIV/0 %		-								
Example 9 - Vote9																		DIV/0 %		DIV/0 %		-								
Example 10 - Vote10																		DIV/0 %		DIV/0 %		-								
Example 11 - Vote11																		DIV/0 %		DIV/0 %		-								
Example 12 - Vote12																		DIV/0 %		DIV/0 %		-								
Example 13 - Vote13																		DIV/0 %		DIV/0 %		-								
Example 14 - Vote14																		DIV/0 %		DIV/0 %		-								
Example 15 - Vote15																		DIV/0 %		DIV/0 %		-								
<b>Capital single-year expenditure sub-total</b>																		DIV/0 %		DIV/0 %										<b>756 844 216</b>
<b>Total Capital Expenditure - Vote</b>	<b>129 880 000</b>		<b>61 104 558</b>		<b>190 984 558</b>						<b>190 984 558</b>		<b>161 192 723</b>				<b>(29 791 835)</b>		<b>84 %</b>		<b>124 %</b>									<b>1 513 688 432</b>

# Appendix G4

## Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2015

2015/2014

2014/2013

	Original Budget		Budget Adjustments (i.t.o. s28 and s31 of the MFMA)		Final adjustments budget (i.t.o. s31 of the MFMA)		Shifting of funds (i.t.o. s31 of the MFMA)		Virement (i.t.o. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variance of Actual Outcome against Budget Adjustments		Actual Outcome as % of Final Budget		Actual as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome		
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		
<b>Capital Expenditure - Standard</b>																															
<b>Governance and administration</b>																															
Executive and council																															
Budget and treasury office																															
Corporate services																															
<b>Community and public safety</b>	16 000 000		6 150 000		22 150 000						22 150 000		13 173 271				(8 976 729)		DIV/0 %		DIV/0 %										
Community and social services	16 000 000		6 150 000		22 150 000						22 150 000		13 173 271				(8 976 729)		DIV/0 %		DIV/0 %										
Sport and recreation																															
Public safety																															
Housing																															
Health																															
<b>Economic and environmental services</b>	1 000 000		3 447 997		4 447 997						4 447 997		2 795 002				(1 652 995)		DIV/0 %		DIV/0 %										
Planning and development	1 000 000		3 447 997		4 447 997						4 447 997		2 795 002				(1 652 995)		DIV/0 %		DIV/0 %										
Road transport																															
Environmental protection																															
<b>Trading services</b>	112 880 000		51 506 561		164 386 561						164 386 561		85 196				(164 301 365)		DIV/0 %		DIV/0 %										
Electricity	3 900 000		401 091		4 301 091						4 301 091						(4 301 091)		DIV/0 %		DIV/0 %										
Water	60 801 549		29 056 862		89 858 431						89 858 431						(89 858 431)		DIV/0 %		DIV/0 %										
Waste water management	44 248 451		25 978 588		70 227 039						70 227 039						(70 227 039)		DIV/0 %		DIV/0 %										
Waste management	3 930 000		(3 930 000)										85 196				85 196		DIV/0 %		DIV/0 %										
<b>Other</b>																															
<b>Total Capital Expenditure - Standard</b>	129 880 000		61 104 558		190 984 558						190 984 558		16 063 469				(174 931 089)		8 %		12 %										
<b>Funded by:</b>																															
<b>National Government</b>	106 200 000		(5 780 000)		100 420 000						100 420 000		100 420 000						100 %		95 %										
Provincial Government			3 900 000		3 900 000						3 900 000		3 014 540				(885 460)		77 %		DIV/0 %										
District Municipality	24 000 000		(24 000 000)															DIV/0 %		- %											
<b>Other transfers and grants</b>	187 181 000		(176 258 000)		10 925 000						10 925 000		10 925 000					100 %		6 %											
<b>Transfers recognised - capital</b>	317 381 000		(202 136 000)		115 245 000						115 245 000		114 359 540				(885 460)		99 %		36 %										
Public contributions & donations	3 930 000		(3 930 000)										85 196				85 196		DIV/0 %		2 %										
Borrowing																		DIV/0 %		DIV/0 %											
Internally generated funds	58 850 000		16 690 000		75 740 000						75 740 000		27 713 292				(48 026 708)		37 %		47 %										
<b>Total Capital Funding</b>	380 181 000		(188 176 000)		190 985 000						190 985 000		142 158 028				(48 826 972)		74 %		37 %										

# **Appendix G5** **Budgeted Cash Flows** **for the year ended 30 June 2015**

	2015/2014				2014				
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Budget	Final Budget adjustments	Actual Outcome	Variance of Actual Outcome against Budget	Actual Outcome as % of Original Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	87 761 000	(42 215 290)	45 545 710	45 545 710	146 472 615	100 926 905	322 %	167 %	86 234 384
Government - operating	265 850 000	-	265 850 000	265 850 000	-	(265 850 000)	- %	- %	-
Government - capital	115 144 000	46 800 000	161 944 000	161 944 000	23 270 515	3 870 515	120 %	188 %	25 864 900
Interest	12 400 000	7 000 000	19 400 000	19 400 000	-	-	DIV/0 %	DIV/0 %	-
Dividends	-	-	-	-	-	-	-	-	-
Payments	(287 110 000)	(70 715 000)	(357 825 000)	(357 825 000)	433 004 382	790 829 382	(121)%	(151)%	589 230 638
Suppliers and employees	(300 000)	(300 000)	(300 000)	(300 000)	(3 588 507)	(3 288 507)	1 196 %	DIV/0 %	326 323
Finance charges	(45 474 000)	(10 540 000)	(56 014 000)	(56 014 000)	1 062 607	57 076 607	(2)%	(2)%	3 210 310
Transfers and Grants	-	-	-	-	-	-	-	-	-
Net cash flow from/used operating activities	148 571 000	(69 970 290)	78 600 710	78 600 710	600 221 612	521 620 902	764 %	404 %	704 866 555
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	111 284 600	111 284 600	111 284 600	(2 131 425)	(2 131 425)	DIV/0 %	DIV/0 %	(3 635 226)
Decrease (Increase) in non-current debtors	-	-	-	-	-	(111 284 600)	- %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	(24 575 207)	(24 575 207)	DIV/0 %	DIV/0 %	(7 047 675)
Payments	(129 880 000)	(61 105 000)	(190 985 000)	(190 985 000)	-	190 985 000	- %	- %	-
Capital assets	-	-	-	-	-	-	-	-	-
Net cash flow from/used investing activities	(129 880 000)	50 179 600	(79 700 400)	(79 700 400)	(26 706 632)	52 993 768	34 %	21 %	(10 682 901)
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Increase (decrease) in consumer deposits	20 000 000	10 000	20 010 000	20 010 000	(20 010 000)	(20 010 000)	- %	- %	(1 061 121)
Payments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Repayment of borrowing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	20 000 000	10 000	20 010 000	20 010 000	-	(20 010 000)	- %	- %	(1 061 121)
Net increase/(decrease) in cash held	38 691 000	(19 780 690)	18 910 310	18 910 310	573 514 980	554 604 670	3 033 %	1 482 %	693 122 533
Cash/cash equivalents at the year begin:	38 691 000	(19 780 690)	18 910 310	18 910 310	55 963 416	55 963 416	-	-	85 106 000
Cash/cash equivalents at the year end:	38 691 000	(19 780 690)	18 910 310	18 910 310	629 478 396	554 604 670	3 329 %	1 627 %	85 106 000